EMERGING PROSPECTS OF MARKETING OF SERVICES

SUMMARY

THESIS SUBMITTED FOR THE DEGREE OF

DOCTOR OF PHILOSOPHY

(IN COMMERCE)

Submitted By

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SUMMARY

Emerging Prospects of Marketing of Services

The service sector dominants the economies of developed and developing nations. Due to changing economic environment and the challenges posed by the disparities in the global system, the service sector has assumed a very significance for developing nations. Services businesses can be divided in to their overlapping systems. The operations system consists of the personnel facilities and equipment required to run in service operation and create the service product: only part of this system is visible to the customer. The delivery system incorporates the visible operations elements and the customer who; in self service operations may themselves take an active role in helping create the service product as opposed to being passively waited on. Finally the marketing system includes not only the delivery system, which is essentially composed of the product and distribution elements of the traditional marketing mix, but also additional components such as billing and payment systems

exposure to advertising and sales people and word of mouth comments from other people.

The traditional view of marketing has stressed their services are different from goods in ways the require different management activities. In particular, services are intangible inseparable, variable and perishable. The marketing complexities posed by the above characteristic; the services marketing mix must go beyond the usual four P'S to include three additional mix elements: People, Physical evidence; and the service process. In addition the management of service quality through the monitoring of customer satisfaction is perhaps more critical to the success of service marketing then to the marketing of goods. The service consists of four components; the physical product, the service product, the service environment, and service delivery. Service differ on the relative role and importance of the physical product component. But the maintenance of loyal customers requires that even the most goods oriented firm must understand and adapt marketing skills.

A new view of service marketing is currently emerging, which complements; but does not replace the traditional view. The emerging view incorporates many of the principles of customer service, customer orientation and quality management which became

widely applied in the late 1980s and early 1990s. The emerging view is well suited to a global world, in which ever product companies must compete on the basis of service and in which the environment is changing rapidly. The emphasis of the emerging paradigm is that of continually improving services to increase customer satisfaction and thus revenues, market share and profits.

The study of Emerging Prospects Of Marketing Of Services aims to give the emerging area of service marketing so that our county will be entire in new areas of services which has earlier not spelled out. The study covers the impact of information technology on service marketing. In general services industries have been plagued by poor management: in efficiency and low productivity. This inefficiency, and the need to increase productivity are probable, the biggest problem facing service industries in general. The productivity problem also has significant implications for the health of the total economy. Service industries are very labour intensive compared with manufacturing consequently; wages increases in the service sector of the economy have a significant impact on price levels and inflation. That is more important in our county because our economy is labour intensive. The entire scheme of the study is spread over eight chapters as given below:-

The First chapters which is introductive in nature deals with evolution of service marketing, reasons for growth of service marketing. It also includes the concept meaning and definition of services marketing on the basis of definition given by the various marketing expert and academician, we spelt out characteristics of service marketing which has been discussed in the first chapter. However, it is important to clarify the differences between situation in which a service itself is the core product and those in which manufactures are adapting service like strategies to help them market, the physical goods that they produce. In this study, we draw a distinction between marketing of services and marketing of physical goods.

We define service by two approaches first; a service is an act or performance offered by one party to another; Although the process may be tied to a physical product, the performance is essentially intangible and does not normally result in ownership of any of the factors of production. Second; Services are economic activities that create value and provide benefits for customers at specific times and places as a result of bringing about a desired change in – or on behalf of – the recipient of the service. On the basis of definition we explain the service characteristics like : Intangibility Insparalability: Heterogeneity , Perishablity, customer

participation and variability. There are various reasons for the growth of the services sector. There are divided and explained in demographic, social, economics political and legal changes. Marketing challenges in the services marketing are also discussed in the first chapter.

Services marketing is also a growing specialty and concept such as internal marketing have been developed within the service sector, but are now widely recognised to be highly relevant to all organization. Internal marketing calls upon the organisation to have equal regard for its internal customers- the employees as for its external markets. Internal marketing programmes can enhance employee and customer satisfaction through increased involvement between all members of the organization in its marketing efforts. Relationship marketing goes a step further organization are urged to focus not only on their relationship with customer- external and internal- but with other elements within industry and society which can impact on the organization is long term success. Relationship marketing does embrace marketing concept which have involved during the latter half of this century; and it takes then further customer rentention is the key focus of relationship marketing as well as quality and enhanced customer service. Relationship marketing is especially relevant to services marketing, and to

patrician areas within services marketing Non protest organizations and charities who serve two distinct markets in donors and clients should adapt and develop relationship marketing within their programmes. Relationship marketing is also described in this chapter.

The second chapter deals with service marketing mix. The marketing mix concept is a well established tool used as a structure by marketers. It consists of the various elements of a marketing programme which need to be considered in order to successfully implement, the marketing strategy and positioning in the company's markets. The discipline of considering the integration of the elements of the marketing mix as well as the individual various elements helps ensure that there is consistency within the marketing strategy as a whole. Marketing mix is a major part of the marketing task after considering the environment variables. The marketing manager consciously mixes the marketing variables to the environmental variables, develops, a marketing programme that is appropriate to suit his target consumers. The crux of the marketing task is to blend, the four elements in different combination in order to have greater market impact and also be cost effective. This blend must be continuously reviewed and monitored

to the changing requirements of the environment and consumer needs.

The marketing mix is one of the most important Universal concepts which has been developed in marketing. All variables are inter- related and inter dependent on each other. The four P'S require some modifications when applied to services due to the special features of the service. The challenges encountered by the service marketer like heterogeneity- the requirements of customers inter action with customers while delivering service and perishability or absence of inventory, intangibility of offer and absence of patent protection etc; necessitate the extension of the marketing mix to include people, process and physical evidence. The additional prescribed P'S refer to the activities that are essential to meet the challenges posed by three unique characteristics of services: like simultaneity or inseparability of service provider from customer, the inability to hold inventory of service making it critical for the service process to flow smoothly to match demand and supply process and the need to make highly intangible service offering appear tangible. The service marketing mix of 7 P'S such as Product, Price, Promotion, Place, People, Process and Physical evidence are also discussed in this chapter.

The Third chapter consists of management of service marketing. It also include the process of service marketing, marketing planning process, match demands and supply and human behaviour in services. Services marketing management represents marketing concept in action i.e. a preplanned demand management under consumer oriented marketing philosophy. Service firms need to think more consistently. In marketing terms and the marketing concept. There are many factors that influence consumer behaviour. Potential consumers are subject to various stimuli. The service firm must understand how the consumer would respond to different service feature, price, appeals etc. along with the major forces in the marketing environment i.e., economic, social and cultural forces. All these stimuli influences the buyer's decision making process and evoke positive or negative response towards the product or service.

The Fourth chapter of the study consists dimensions of service marketing. The chapter divided into six part form A to F. In this chapter we try to discussed various dimension of service marketing like. Financial service, Tourism, Logistics, education Family planning and Hospital. Financial service are an important component of the financial system. Financial service cater to the needs of financial institutions. Financial service are therefore regarded as the fourth elements of

the financial system. An orderly functioning of the finance system depends upon a great deal as the range of financial services extended by the provided and their efficiency and effectiveness. Financial services includes, the services offered by both types of companies- Assets Management Companies and Liability Management Companies. The marketing mix for financial services are also discussed in this chapter. Financial services in India has been described very carefully in this section. Bank, investment company, accounting firm, financial institution offer memoirs , financial services to business concern. A few financial innovations/ services which are emerging as potent instrument at the disposal of commercial banks and investment financial institutions in India are merchant banking, leasing, credit cards, factoring housing finance and venture capital are also explain in this section.

Tourism is also being recognised as a source of employment. It is a highly labour intensive industry offering employment to both the semi skilled and the unskilled. Being a service industry it creates employment opportunities for the local population. It is a major source of income and employment for individuals in many places deficient in natural resources which cannot readily contribute to the economic prosperity of the area except through the medium of tourism. This aspect of

provision of employment becomes more important in a developing county where the level of unemployment and under employment tends to be high. Besides providing employment to a large number of people, tourism can be the instrument of regional policy aimed at achieving an equitable balance between major industrial areas and the rest of the county. Tourism enables the wealth earned is one part of the county to be transferred in part to another. Tourism marketing are disused as a part of service marketing in detail.

We are also explain marketing of logistics in sub section of the fourth chapter. In India, while road and rail are used predominantly for moving the goods produced for domestic consumption, air and sea transportation is utilized mainly for export import related goods. It is also worth mentioning that in India, the operation of rail and air transportation are predominantly in the hands of the government run bodies. In the service industry the success of an organizations depends not only on it meeting the physical attributes as required by the customers but also an satisfying the intangibles. In the Indian logistics industry the identification and meeting of intangible requirements has been long over due.

The organization engaged in supplying the services have to shed their traditional role of buying

mere carries of goods, become more aware of the needs of the customers and provide the specific benefits that the latter expect on the other, it is also necessary in the part of the users of the logistics services to come out of their present perception of viewing transporters as the mere mode of distribution. In the wake of the changing economic and market environment, it is only those organization that can reach their customers faster, safer and in time that will spell success.

Education as a service can be said to be fulfilling the needs for learning, acquiring knowledge providing an intangible benefit, produced with the help of a set of tangible and intangible components, where the buyer of the service does not get any ownership. He may have tangible physical evidence to show for the services exchange transaction but the actual benefit accrued is purely intangible in nature. The main aspect in the education service in India today is availability of world – class services to the users. This is made possible only when educational institution offering suitable product mix, keeping in view the changing socio economic requirements.

Education is a service that is geared primarily to the consumer market, therefore it can be classified as a consumer service. By its very nature, education is essentially a people based service through

some service delivery system may make heavy use of technology and equipment. Services have also been classified on the level of personal contact as low contact or high contact services. Recent developments in open and distance learning systems have successfully countered the challenge of constantly maintaining high level of contact by creating specialized kinds of user friendly course material and using multi-media and web based technology to enable students to survive in the competitive job market.

Hospital is an integral part of a social and medical organization the function of which is to provide for the population complete health care both curative and preventive and whose out patient services reach out to the family in its home environment. The hospital is also a create for the training of health workers and for bio-social research. The term hospital marketing connotes application of marketing principles in a formal social institution with the motion of enriching the potentiality of hospital organization for making available to the society the best possible health services. Hospital marketing thus paves avenues for initiating qualitative and quantitative improvement on the basis of time hounoured managerial decisions. It is suppose to be the most effective device for promoting the hospital services. In the simple words, hospital marketing is a

managerial approach to design and plan everything in a hospital with the motto of subserving user interest and protecting the hospital interest with the burgeoning population and a charge in people's attitude towards health appearance and life; the health care market is going to have increased demand as well as increased competition in the coming years.

The emerging trends in population present a very alarming scene the present population of India, according to 2001 census crossed 100 crores, inspite of: We have only two percent at the total world's surface area, after that we contribute 16 present of world's population. In a true sense, we are passing through the stage of population explosion. Despite multi dimensional efforts taken to control the birth rate, the zero growth rate schemes a difficult task. No doubt the government and private hospital, dispensaries, health centers, rural health centers and voluntary social organization have been involved in the process of strengthening the family planning programme but the response till now are lukewarm. It is essential that policy makers think over the problem seriously and attempt to revamp the same urgently. In the policy implementation process, holistic marketing principles would: of course simplify the task. In marketing of family planning means emphasis is an helping the organizations agencies involved in the

process to formulate a service mix in tune with the target prospects or the segment for which the programme is meant. This is essential to increase acceptability of the programme vis-à-vis to strengthen the safety measures. In addition the marketing of family planning also focus an simplifying the programme in the process of its distribution to the ultimate users of the services. The marketing mix of family planning are also discussed in detail in this subsection and what are the promotion measured used in the support of family planning.

The organization structure of service markets described in fifth chapter. Service marketer must therefore develop organizational structure and procedures, that establish a better balance between marketing and other management functions specially operations. Service firm need an organizational structure. Which support the development of the traditional marketing activities as well as interactive marketing activities is connection with for instances operations and personnel in a customer oriented direction and which makes it possible to coordinate all marketing activities, traditional as well as interactive , so that the company becomes market oriented on an over all basis. The different business functions are much more interrelates in a service firm than in a firm manufacturing consumer goods. Therefore the

organizational structure must not became an unnecessary burden to cooperation between various functions and activities.

The chapter sixth deals with the designing services strategy both the level micro and macro level. Strategy is a game plan for how to get these. Every business must tailor a strategy for achieving its goals. Till recently services firms lagged behind manufacturing firms in there all of marketing. Many services business for example shoe repair, baby sitting etc. do not use formal management and marketing techniques. There are also professional service business like law accounting firm college, hospital who believed that is not necessary to use Marketing. But changes are taking place in the service sector. Market oriented strategy are also discussed in this chapter. In internal marketing, technology should be applied inside the organization with the staff as the target market.

The sub section of chapter sixth deals with macro strategy in service marketing what are the decisions is to be taken at macro level discussed in this section. What are the alternative ways for a service company to tap the potential of international markets. It depends in part on the nature of the underlying process and the delivery system. Several forces termed as industry drivers, influence the trend to words

globalization and the creation of transnationally integrated strategy. These forces are market drivers, competition drivers, technology; cost drivers and government drivers. Transnational marketing requires that management should use a consistent marketing approach in every country. Where it does business, although not all elements of the marketing mix need be identical. Market positioning, however may vary some what in the light of local competitive offering.

The chapter seventh deals impact of information technology in service marketing. Technology in services goes beyond just. Information technology central through that may be to modern life. Services managers also need to keep their eyes on developments in power and energy, biotechnology physical design, methods of working and materials. Changes in one technology often have ripple effect requiring leverage from other technologies to achieve their full potential. Every time technology changes, it creates to established ways of doing-business and opportunities for new ways to offer service. Service managers need to be watching developments proactively to determine their potential impact. Leading firms often seek to shape the evolution of technological application to their own advantage.

The last chapter consists of problems and suggestions of service marketing. The service sector of

economy is growing very rapidly as witnessed by various developed countries of the world. Service are going to occupy a dominant position in the Indian market. Despite the optimistic trend and already burgeoning market of a number of services the service organization yet to open up to the marketing philosophy by and large, service organization tend to be plagued by tradition based routinished approach to operation and selling. Marketing oriented service organization are expectations other that the rule. The incorporation of sophistication is an imperative, rather than a luxury in the fast changing environment. The problems like, beliefs, perceptions and attitudes missing rigors of competition, marketing is not well appreciated, the missing professional management, lack of marketing knowledge, problem in financial services are discussed in this chapter.

In order to solve the problems in service marketing, it is necessary to devise ways and means strategy. It is with this end of view that of various suggestions have been given. These suggestions are ; quality in service, develop customer service culture, establishing relationship with customer, personalize the services, introducing new equipment and technology playing the branding game maintain corporate image and exploiting packaging advantage etc.

On the basis of analysis and study the various problems and suggestions for effective service marketing it has been concluded that there is the need for constant review of fast changing technology consumer beliefs and attitudes, habit and tastes. Because a fast growing number of consumers are comfortable examining and purchasing via the world-wide-web. In such instance, although the core product may remain the same, the wide differences in delivery systems mean that the nature of overall service experience changes sharply as the encounter moves from high contact to low contact.

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PREFACE

The service sector has emerged as the fastest growing sector of the economy through out the world. This growth has been accompanied by a corresponding decrease in the importance within the balance of trade of primary industries such as agriculture and fishing and secondary industries such as manufacturing. The growth of service industries and the service economy has stimulated interest in services marketing theory and practice. A further development is the internationalization of services. The range of services provided is growing thorough out the public and private sector. Many traditional public sector services such as education, health care, and logistics are now operated along commercial lines and are held accountable for expenditure and revenues, customer satisfaction and service quality. These organizations and other such as charities and voluntary bodies , as well as professional service providers, are starting to develop a marketing orientation and use marketing tools and

programmes to survive in an increasingly competitive market place.

Technological developments have also had an impact on the services marketing task Information technology, electronic funds transfer and the use of data base have revolutionized services marketing management. In fact most marketing linked technological development have a role to play in service marketing. Many new technological development have been developed specifically around services such as cash dispensers like ATM. It is not only consumer services which have been revolutionized by new technology. Industrial services are also utilizing new technology. Libraries and Universities can utilize computer data bases from any where in the world via computer modem like. There is every sign that the service economy will continue to grow in size and importance and this will be reflected in future developments in services marketing.

Which this end in view the proposed study was undertaken so as to analyze in depth the various problem associates with the service marketing at micro and macro level.

A total of eight chapters in the instant study present various aspect of services marketing mix and also disused in management of service marketing various dimensions of services marketing have been critically

evaluated. What are the impact of information technology service marketing are also described in service marketing. What types of organization have suitable are discussed very carefully in the proposed study.

In the end on the basis of analysis done diagnosis of various problems has been spelt out and attempt has been made to put forth not only to improve services, but to make it an effective instrument for strengthening our economy, As a matter of fact emergence of scientific and effective service marketing may prove as a vital engine of growth for our economy in the age of globalization.

I owe the greatest debt to my most honorable and respectable teacher Dr. A.K. Malviya, Senior lecturer, Department of Commerce and Business Administration, University of Allahabad and Guide of this research work, who led me to this arena and continued to provide his indispensable advice. He always clear as the cobweb of doubt that very often comes up in the way of the research work with a superb analytical acumen. He enkindled in me waves of inspiration to complete the work very shortly. The study owes a good deal to his personal care, in constant zeal and able guidance.

I owe a special debts to Smt. Renu Malviya (Bhabhiji), who always whipped me up for completing the work properly and in time.

I am indebted and pay tribute to my beloved mother late Smt. Urmila Devi and father late Shri. Jagdish Prasad Mandal who has not yet alive, but have been my perpetual sources of inspiration.

I pay tribute to my elder brother Late Shri N.P.Mandal who has not yet alive , but he was also my source of inspiration.

I owe my gratitude to my elder brothers Shri S.P. Mandal, Shri D.P. Mandal, Shri O.P. Mandal, Shri D.K. Mandal, elder sister Smt. Sita Devi and Jijaji Shri. J.P. Nayak who inspired me in my sluggish moments. I am also inspired from all Bhabhi's.

I am also indebted to Late Dr.P.K. Mishra, Patna University Patna, who laid the foundation stone of my academic career. I am thankful to smt. Meenu Rani Mishra (Auntyji), Bunty bhaiya & Micky who encouraged me from time to time.

I am also inspired from Shri. R.S. Prasad(Father-in-law), Smt. Lalmani Prasad (Mother-in-law),Shri Rupesh Kumar (Brother-in-law), Annu & Nikki (saali).

I extend my thanks to my wife Smt. Rinku Mandal who inspired me and sacrificed their comforts to enable to work. It is my moral duty to express heartly thank to my lovely daughter kumari Deepti who is behind my inspiration.

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Once again; I have no word to expressing gratitude to my teacher and guide Dr. Malviya for giving me sincere advice from time to time and work constructively.

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INTRODUCTION

Services marketing has increased in importance over the last decade. Service are becoming a layer and important part of every economy. We use services as consumers in our every day life. Talking on a telephone, sending clothes to be dry cleaned or mailing a letter are all examples of using services as individual. Besides this, we also consume services from the lawyer, doctor or teacher and even from a bank.

Before Industrial Revolution, primary activities like agriculture over a major part of the economy, but after the industrialized era, the importance of the service sector have grown continuously. Although this pattern of economy is not applicable to the whole world. In many countries the agriculture still plays a dominant role in the economy. In countries like India, while agricultural sector continues to play an important role, this can notice the growing importance of the service sector. According to Daniel Bell, "If an industrial society is defined by the quality of goods as working a standard of living, the post-industrial society is defined by the quality of life as measured by the service desirable and possible for everyone."

EVOLUTION OF SERVICE MARKETING

The service marketing has evolved in the last decade of twentieth centaury with the growth in competition. Over the past few decade's study of marketing was directed to some specific areas only. For example during 1950's attemptition was given only to the marketing of consumer goods. On 1960's industrial markets was paid attention and during 1970's marketing of non-profit organization like charities and some areas of public sector received attention. It was in 1980's that marketing of services gained attention and recognized.

Service marketing is still a comparatively new field of marketing. Despite the recent emphasis on the marketing of services, there is still a misunderstanding as to what constitutes the effective marketing. Some people still regard it as little more than advertising and public relations. Services such as accounting, banking insurance and

transportation were seen by academics merely as an aid to distribution and selling and not as products to be marketed in their own right.

Brown, Fisk and Bitten observes that "new ideas and concept gain acceptance slowly" in academia. They divide the evolution of services marketing thought into three stages: crawling out (pre – 1980), scurrying about (1980-1985), and walking Tell (since 1986)[1]. In the early 1980's two developments resulted in the increasing growth of service marketing. First was the deregulation of service industries – financial services and health care – which resulted in tough competition and thus the increasing need for service marketing. Second was the number of conferences sponsored by the American Marketing Association which led to increasing awareness for the marketing of services. From the mid 1980's onwards, there was a huge growth in publications as well as increasing empirical and theoretical rigor in research.

Service organization have tended to more through a service of stages in seeking to adopt marketing. This is describe in Table 1.1, which shows some of the main stages through which service firms typically, evolve including the following :-

- Selling
- Advertising and Communication
- Product and service development
- Differentiation and computer analysis
- Service quality
- Integration and relationship marketing

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[1] Stephen W. Brown, Raymond P.Fisk and Mary Jo Bitner, "The development and Emergence of services marketing Thought", Journal of Retailing 69 (spring 1993): 61-103.

Table 1.1

	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6	Stage 7
Some Key components	Competition engineering	Increased advertising	Recognition of new customer needs	Strategic analysis	Customer service training	Service quality 5 gap identification	Regular research on customers and competitors
	Sales Programmes	Appointment of multiple agencies (advertising, public relations, etc.	Introduction of many new products and services	Positioning maps	Smile Campaigns	Service blueprinting	Focus on el key markets
	Selling skills courses and training	Promotional enticements	Emphasis of new product development process	Seeking differentiation	External promotion of improved service	Customer contribution analysis	Rigorous analysis and integration o marketing plan
	recenit more new customers	Bronchures and point of sale material		Restricted planning	Improved front office layout and facilities	Customer research	Data base marketing
				Marketing training			
				Market Research			
Some typical outcomes	Focus on sales not profits	High customer expectation	Product and services proliferation	Clarification of strategy	Low impact on profitability	Balanced marketing activity	
	Lack of emphasis on customer satisfaction	Outputs often not easily measurable	Confusion at branch level	Improved branding	Not sustained	Improved processes and systems	
	Improved Sales capability	Competition imitation	Competitive imitation	More sophisticated segmentation	Not Supported by processes and systems	Challenging but realizable goals	
		Expectations often not met	Some market segmentation	Implementation problems	Pay off not measured	Improved customer retention	
			Establishment of stronger branding	Failure to deliver on positioning	Lack of Competitive diffcutiation		

During the later half of the twentieth century there was a marked change in the structure of the developed economies. There has been a transformation of emphasis from production of Physical goods to the manufacture of intangibles or services. Services now account for 74% of the U. S. gross national product, and resulted in a balance of trade surplus for the United States of $55.7 Billion in 1993, helping to a offset a trade deficit of $ 132.4 billion in the goods sector[1]. A similar shift is recurring in all developed or developing nations.

Developing countries like India will become a service economy in near future. This is why the marketers should take a closer look at the change on the emerging opportunities. "The economics of the developed countries were initially dominated by agriculture, the dominance passed on to industry and finally to services so that most developed economies today are service dominated[2]. If we take a look at the trends, we will notice that the future belongs to intangible services. A large portion of the disposable income is being used by the consumer in purchasing services like travel, tourism, education, entertainment, etc. Table 1.2 gives the percentage of private final expenditures on durables, semi-durables and non-durables in the domestic market.

Table 1.2

Private final expenditures in the domestic market				
Nature of Goods & Services	**Years**		**At Current Prices % Distribution**	
	190-71	1974-75	1980-81	1984-85
Durable Goods	2.4	2.3	2.6	2.4
Semi Durable Goods	9.6	9.7	11.6	11.6
Non-Durable Goods	74.2	75.1	70.2	69.0
Services	13.8	12.9	15.6	17

Source: *(Chandhok H. L. and Policy Group, India Data Base)*

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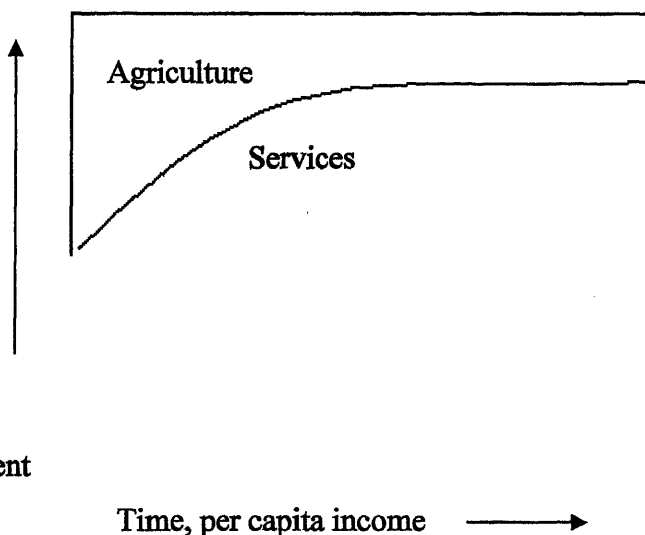
[1] Ronold Henkoff (1994), " Service is Everybody's Business", fortune, (June 27), 48-60.
[2] Verma, V.Harsh, "Marketing of Services", Introducing services, 1-3.

Observing the above table we see that the spending on durable goods remained constant i.e. about 2.4 percent, semi durable goods shows a marginal increased of 2 percent. The expenditure on non-durable register a decline from 74.2% to 69% in 1984-85. in comparison to the above, the expenditure on service grow by a much higher rate, i.e. from 13.8 percent in 1970-71 to 17 percent in 1984-85 showing a remarkable increase of 34 percent. Thus, we can say, spending on services in increasing whereas expenditure on semi-durables goods is declining.

As a national economy develops, the share of employment among agriculture, industry and services changes dramatically. The combination of increased productivity and automation in agriculture and industry on the one hand and rapid increase in demand for both new and traditional services on the other jointly result in the rapid increase in the percentage of country's labour force that is employed in services[1]. Figure 1.1 shows how the evolution to a service dominated employment base is likely to take place over time as per capita income rises.

Figure 1.1

Changing structure of employment as an economy develops.[2]

[1] Love lock C, "Services Marketing", People Technology and Strategy, understanding services, person education India, 1-4.
[2] I.M.F., World Economic Outlook Washington D.C.: I.M.F., May 1997.

REASONS FOR THE GROWTH OF SERVICE MARKETING

During the past years, there is a shift in the marketing structure of almost all the economies. They have been rightly called 'service economies'. That is, the service sector of these economies accounts for more employment, contribution in GDP and consumption by consumers than manufactured goods. There is a shift from tangibles to intangibles. Various factors are responsible for the growth of the service sector. These factors can be classified into social, economic political, and legal factors. These are as follows :-

1. SOCIAL FACTORS

a. **Changes in life style**- There is an improvement in the quality of life of the consumers. The growth of smaller families with two income have more income to spend on services like entertainment, travel and education.

b. **Career Consciousness**- There is more career consciousness among youth and children which result in an increasing demand for educational institutions and tutorial centers.

c. **Growing Life Expectancy**- Life expectancy has rise among Indians which is a potential market for old people's homes, nursing homes and health care institute.

d. **More Affluence Immigration**- Immigration to other countries such as United States, Canada and Australia which are becoming much more multicultural than previously posing opportunities for services features designed to meet the needs of nontraditional segments now living within the domestic market.

e. **More People Short of Time**- Due to increasing number of people, they find themselves short of time and so are obliged to hire individuals or firms to perform tasks which is used to be performed by a household member.

f. **Rising Ownership of Computers and Mobile Phone**- R*apid* growth in the use of computer, mobile phones and other wireless equipments indicate the increasing connection of customers than ever before and no longer out of touch once they leave their homes or offices.

2. ECONOMIC FACTORS

a. **Increasing Globalization**- Increasing globalization has resulted in an increasing demand for communication, travel and information services. This has been caused due to rapid changes brought about by new information technology.

b. **Increasing Specialization**- Due to increasing specialization within the economics, greater alliance is placed on specialist service providers like advertising and market research become specialist functions supporting all the sectors of the economy.

3. POLITICAL AND LEGAL FACTORS

a. **Changes in Regulations**- Deregulations of several industries by the government is one of the main factors affecting the increased growth of service sector. Change in price levels, placing geographic constraints on distribution strategies, etc. are mandated by the government. This deregulation of industries is an important cause of increasing importance of service sector.

b. **Privatization**- Another important reason responsible for the increasing growth of service sector is privatization of government-owned services. The process of privatization is moving ahead in many countries. The transformation of such public enterprises services into private enterprise services resulted in restructuring, cost cutting and a more market focused posture.

c. **Laws relating to consumer Protection**- Several steps are being taken to strengthen consumer protection laws, to safeguard employees to improve health and safety and to protect the environment. These rules require service firm to change their marketing strategies, their optional procedures, and their human resources policies.

d. **New Trading Agreements on Services**- International trade in services is being stimulated by decisions to looser trading restrictions through negotiation of the World Trade Organization (WTO). Individual countries are choosing to enter into free-trade agreements with some of their neighbours. This is also one of the reasons of stimulating the growth of the service sector.

e. **Complicated Rules and Regulations**- Due to complicated rules and regulations, the demand for professional services like Lawyers, Consultants, Travel

Agents, Marriage Counsellors, Legal Advisors, Transportation and courier services will boom.

Besides these factors several other factors are responsible for the growth of the service sector. They include advancement in information technology, business factors and Internationalization.

4. ADVANCES IN INFORMATION TECHNOLOGY

a. Wireless Networking- The creation of wireless networking and the miniaturization of electronic equipment from cell phone to laptops and scanners allow sales and customer service personnel to keep in touch while on more.

b. Growth of the Internet- The development of the internet and its best known component world wide web has provided the potential for creating radically new business models, including what one leading technology firm christoned. "E-services"[1].

5. BUSINESS FACTORS

a. Emphasis on Productivity and Cost Savings Recognition that improving quality is good for business and necessary for effective competition has led to a radical change in thinking. Traditional notations on quality have been replaced by the new imperative of letting quality be customer-driven, which has had enormous implication for the importance of service marketing and the role of customer research in both the service and manufacturing sectors[4].

b. Growth of Franchising Franchising has become wide-spread in many service industries not only for consumer services but also for business-to-business services. Franchising involves licensing of independent entrepreneur to produce and sell a branded service according to specified procedures and thus become a popular way to finance the expansion of multisite service chains that deliver a consistent services.

6. INTERNATIONALIZATION

Numerous financial services firms, advertising agencies, hotel chains, fast-food restaurants, car hire agencies and accounting firms now operate in several countries.

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[1] Lovelock, C., Services Marketing, Pearson Education Asia, 2001, page-27.

Some of this growth has been internally generated but much has also come about through acquisitions of other companies.

Sometimes, the growth of a specific service industry is the result of a combination of several reasons. Increasing affluence coupled with the desire to utilize leisure time for leisure rather than for doing odd repair jobs in the house had led to the growing tribe of plumbers and electricians. In fact, convenience is proving to be a key concept in the provision of services. The growth of the service sector can be traced to the economic development of society and the socio-cultural changes that have accompanied it.

CONCEPT

The concept of marketing is rather general. Services are responsible for the creation of a substantial majority of new jobs, both skilled and unskilled around the world. The service sector includes a tremendous variety of different industries, including many activities provided by public and non-profit organization. Service organizations range in size from huge international corporations based on such enterprises as airlines, banking, insurance, telecommunications, hotel chains and freight transportation to a vast array of locally owned and operated small business, including restaurants, laundries, taxi companies, optometrists and numerous business to business services. Table 1.3 shows some of the service firms and their service offers.[1]

Before understanding the concept of services it is necessary to explain the meaning of services. Services are essentially intangibles i.e. their purchase does not result in the ownership of some thing physical. A major portion of our purchasing consists of services. For e.g. living in a rented accommodation, facilities provided by banker, traveling by an airline, etc., the customer make payment for an experience or a service provided by a service firm.

[1] Verma, V.Harsh, "Marketing of Services", Introducing Services, page-20.

Table 1.3

SERVICE FIRMS AND THEIR SERVICE OFFERS	
Colleges, Schools & other Institutions of learning	Education, Training & Research
Insurance Companies	Risk Coverage
Banks	Credit & Security
Beauticians	Personal and Beauty Care
Hotels & Restaurants	Accomodation and Convenience
Cinemas & Theatres	Recreation and Entertainment
Dry Cleaners	Cleaning Services
Travel Agencies & Firms	Conveyance and Transportation
Lawyers and Solicitors	Legal Advice
Security	Security and Protection
Management Consultants	Professional Advice
Computer Equipment Services Bureaus	Maintenance and Repairs
Posts /Courier	Communication and Delivery

MEANING AND DEFINITION

Services are those intangible and respectively identifiable activities which provided satisfaction of wants but may or may not require the use of tangible goods. The services are of diverse nature and due to this diversity, services have traditionally been difficult to define. The complication in defining services lies in the fact that the why in which service are created and delivered to customers is often hard to grasp because many inputs and outputs are intangible[1]. To understand the essence of service, we have two approaches:-

Firstly- Services are the economic activities that create value and provide benefits for customer at specific time and place as a result of bringing about a desired change in or an behalf of the recipient of the service.

Secondly- A service is an act or performance offered by one party to another. The performance is essentially intangible but the process may or may not be tied to a physical product. They do not generally result in the ownership of any factors of production.

[1] Lovelock, C., "Services Marketing," Pearson Education Asia, 2001, page-3.

Evert Gummer son described services amusingly as "*something that may be brought and sold but which cannot be dropped on your foot*'.[1] Figure 1.2 shows clearly the meaning of services.

Figure 1.2

Meaning of Services

After analyzing the Services. It is necessary to describe definition given by various marketing experts. Some of the definitions given by various Experts/academicians are as follows:

Philip Kotler define services as, "*Any act or performance that one party are offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical factor*".[2]

In the above definition Philip Kotler does not describe the want and satisfaction aspect of services. Another definition provided by W. J. Stanton fulfill this shortcoming.

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[1] Evert Gummesson, "Lip Service: A Neglected Area in Service Marketing," Journal of Consumer Services 1, no. 1, 1987.
[2] Kotler Philp, "Marketing Management Analysis Planning and Control," Prentice Hall of India Limited, New Delhi, 2001.

W. J. Stanton Views services as fulfilling certain wants and states that, "*Services are those separately identifiable, essentially intangible activities which provide want satisfaction, and area not necessarily tied to the sale of a product or another service. To produce a service may or may not require the use of tangible goods.*

However, when such use is required, there is no transfer to title (permanent ownership) to these tangible goods[1]".

Another definition has given by Peter Thomas and Robert Waterman they define service in a similar manner which is as fallows :-

Peter Thomas and **Robert Waterman**, "*Services are those separately identifies, essentially intangible activities which provide wants satisfaction and are not necessarily tied to a sale of a product or another service*"[2].

Giving the unique features of Services, the fallowing working definition given by Christon Gronros is quite meaningful :- "Services are the objects of transaction offered by firms and institutions that generally offer services or that consider themselves service organizations."[3]

Therefore, activities like repairs, hotel accommodation, entertainment, medical care, transportation, education, etc. are all services. On the basis of above definition, it is clear that in case of services the starting point for understanding the marketing dynamics is the want satisfaction of customers. Reviewing all the above definitions given by various marketing export and academicians on this subject, we can define services in the following manner:

"*A service is an activity which involves the some element of intangibility associated with it and also involves some interaction with customers or with property in their possession. It does not result in the transfer of ownership. Production of service may or may not by closely associated with a physical product.*"

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[1] Stanton W.J., "Fundamentals of Marketing," Mc. Graw Hill, New York, 1996.
[2] Peters, Thomas J. and Robert H.W., In Search of Excellence, Lessons from America's Best Run Companies, New York, Harper & Row, 1982.
[3] Gronoos, C., Strategic Management and Marketing in the Service Sector, Marketing Science Institute, Campbridge, 1983.

CHARACTERISTICS OF SERVICES

Marketing knowledge as has been developed over time, holds limited validity in handling services situations, as services tend to differ a great deal from goods. Services have a number of unique characteristics that make them so different from products. Some of the most commonly accepted characteristics are:

a. **Intangibility**

b. **Inseparability**

c. **Heterogeneity**

d. **Perish Liability**

e. **Customer Participation**

f. **Variability**

a. **INTANGIBILITY-** Services are the activities performed by the provider. They are to a large extent abstract and intangible. When the customer purchase some goods, it enhances the physical possession of the buyer while in case of purchase of a service, the buyer does not get anything tangible. "*A service is a deed, performance, an effort*[1]." For example when clothes are dry-cleaned, the service rendered in the form of cleaning activities and processes applied to the buyer's garments. Commonly used services include repairs, hairdressing, hotels, banking, insurance, hospitals and legal services.

All the services products do not have similar intangibility. Some services are highly intangible, while others are low. Some services are not tangibles, they do not have features that appeal to the customer's senses. Unlike goods, they cannot be small, seen, tasted, touched or felt in advance. Thus, unlike goods their evaluation is not possible before their purchase and consumption. Bateson has described the tangible characteristics of services which make them distinct from products[2]. These intangible features are:

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[1] Berry, L.L., "Service Marketing is Different", Business Magazine, May- June, 1980.

[2] Bateson J, "Do we Need Services Marketing?" Marketing Consumer Services, New Insights, Report of Marketing Science Institute, Boston, 1977, page-75-115.

- A service cannot be touched
- Precise standardization is not possible
- There is no ownership transfer
- Production and consumption are inseperable
- Middlemen role are different
- The customer is part of the production process so the delivery system must go to the market or the customer must come to the delivery system.

The following table shows intangibility of services provide by different company:

Table 1.4

SERVICES COMPANIES AND INTANGIBLE SERVICES	
Company	**Intangible Promised Service**
Sky Pak	• "We'll deliver. Wherever on earth".
Blue Dart	• "We're in the reliability business"
DHL Worldwide	• "You're in safe hands all the way"
Master Card	• "Bank in you pocket"
National Insurance Company Limited	• "National 'covers' the nation every day, everywhere, every way"
ISCT	• "Where specialization spells success"
New India Assurance	• "Speedy service. Solid, secure support"
ANZ Grindlays' Visa Classic Card	• "Where your credit doesn't end with the month".

b. <u>INSEPARABILITY-</u> Services are produced and consumed at the same time and unlike goods, they cannot be stored for later distribution. Generally, goods are produced, stored and then sold. These three stages in occur at different point of time.

However, services are marketing of goods first sold, then produced and consumed simultaneously. For example a passenger first buys a journey ticket from an airline, and later when the airline generates the services (conducts the flight) the customer consumes it.

Inseparability of production and consumption adds another dimension to service marketing. The customer must be physically present for service consumption in same cases. For example the customer in order to use the service of a hotel or doctor must be physically present. Whereas a product may be produced in Delhi, stored in U. P. and sold in Pakistan.

This inseparability of production and consumption hightness the importance of the quality of provider-consumer interaction in services. Unlike the purchase of goods when the customer's satisfaction almost completely depends on the functional aspects, in services the quality of the customer-provider interaction plays an important role in determining the satisfaction level[1].

c. **HETEROGENEITY-** Services are performances which often involve the co-operation and skill of several individuals, and are therefore not likely to be some every time. The human element is very much involved in providing and rendering services and this makes standerdisation a very difficult task to achieve. For eg. The doctor who gave you his complete attention in your last visit may behave a little differently this time. Similarly, the bank clerks who cashes your cheques may not be as efficient as the previous one and you have to spend more time for the same activity. Because a service is produced and consumed simultaneously, and because individual people make up part of the service offering, it can be argued that a service is always unique; it only exists, once and is never exactly repeated[2]. This can give rise to concern about service quality and uniformity issues. The service provider must find ways to reduce the perceived risk due to variability. One method is to design services to be an uniform as possible by training personnel to follow closely defined procedures, or by automating as many aspects of services as possible[3].

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[1] Harsh V. Verma, "Marketing Of Services", Global Business Press, New Delhi, 2000 page-31.
[2] Woodruffe Helen, "Services Marketing", Macmillan India Ltd., page-13-25.
[3] Roland T. Rust, Anthony J. Zahorik, Timothy L. Keiningham, "Service Marketing" page-7-10.

b. PERISH ABILITY- Services are perishable; they cannot be stored. They cannot be inventoried service they are performed in real time. Since the production and consumption of service takes place simultaneously, they tend to perish in the absence of consumption. Therefore an empty seat on a place, for example, is a lost opportunity forever. The flow is wasted unless customers, or their possessions that require servicing, are present to receive it. A service opportunity occurs at a point of time, and when it's gone, it's gone forever. The perishable character of services adds to the service marketer's problems, apart from the fact that a service not fully utilized represents a total loss, the other dimension of this perishability aspect is that most services face a fluctuating demand. For example there is a peak demand for buses in the morning and evening (office hours). This fluctuating demands pattern aggrarates the perishability characteristic of services . The challenge for a service marketer, therefore, is to manage, improve and implement plans that help correlate the productive capacity to the demand.

CUSTOMER PARTICIPATION: A PART OF PRODUCTION -Goods are generally produced by personnel in fully or partially automated factories. In goods production, the customers do not play a part. Though the actual product attributes or design might be based on customer feed back or consumer research, customers are not an active input in goods production. However, in many services, customer participation is the key to the production of service.

Customer participation is active in service like medical treatment, hair dressing, colleges, and beauty saloons. Customer participation in services production takes place in the form of co-operation. In services like medical treatment, legal advice and tutorials, the nature of informational support of the customer. In fact, without the customer's inputs, the service product may be far from appropriate in most cases. In fast food restaurants and self-service departmental outlets, the customer creates his own service by being actively involved in its production. Self service stores and restaurants cannot produce services unless the customer plays his role.

Service variability marketers face problems in standardizing their output. Service experience tends to vary with customer, time and firm. Variability is a *freak* in the manufacture of goods, whereas variability is inherent in services. No two lunches in a restaurant or transactions in a bank can provide identical experiences. The nature and

quality of service by a frontline staff member of a bank tends to vary from one client to another in same working day. Lack of precision in service output stems from the difficulty in determining and implementing service specifications. In the goods sector, the tangibility of the product allows easy development and enforcement of standards.

Service firms can be seen on a labour-equipment intensity spectrum. In many services, quality control problems are minimized by achieving standardization in output with the induction of equipment and machines for labour. There is a great degree of consistency in service output of automatic teller machines (ATMs), automatic vending machine.(AVMs), etc. As the human element in service increases, the variation becomes more acute. Service personnel being human beings, cannot maintain a uniform level of dexterity, skill and emotional stability. Since there are subject to emotions, stresses, pressures, feelings, their performance tends to vary accordingly. Service personnel, no matter how well trained, cannot match the consistency of machines.

Various service characteristics – intangibility, inseparability, perishability, participation and variability – make services considerably different from goods. This makes the area of marketing of services not an extension or modification of goods marketing, but an entirely different field with its own complexities and challenges. Therefore, managers who receive education or training in goods marketing find service situations almost alien where their skills are of little help.

The essential features of service products better some of the basic assumptions on which goods marketing rests. This necessitates a revision of marketing mix variables which are primarily developed to manage marketing of goods.

Service characteristics add new dimensions to their marketing and management. Table 1.2 summarises the effect of salient service characteristics and the challenges arising therefrom for the service marketer.

Table-1.5

SERVICE CHARACTERISTICS, EFFECTS AND CHALLENGES		
Characteristics	**Effects**	**Challenges**
1. Intangibility	Service products tend to be invisible and impalpable.	To tangible the product with the aid of a marketing mix so that customer search and evaluation is facilitated.
2. Inseparability	For the simultaneity of production and consumption, the buyer and the service-provider are brought together.	The service factory must combine retail outlets, limet scale of distribution, and ensure that service personnel are not only dexterous in technical skills but also in interpersonal skills.
3. Perishability	Services are not inventoriable.	To tackle difficulty in matching the supply with demand; let the marketing emphasis be on demand management.
4. Participation	The customer actively participated in service production, either by extending physical co-operation or informational inputs.	To solicit co-operation from the customer.
5. Variability	Labour intensiveness, intangibility and customer participation together make service output subject to variations.	To bring consistency in service output (standardization) by determining, implementation and control of specifications, and mechanisation.

MARKETING OF SERVICES VS. MARKETING OF PHYSICAL GOODS

Before the late 1970's it was thought that traditional marketing techniques worked just as well for service as they did for physical products. It is only in the early 1980's when some scholars began to note that service were different in many ways from physical products. The service marketing function is much broader than the activities and output of the traditional marketing department, requiring close co-operation between marketers and those manager responsible for operators and human resources.

All products, a term that we was to describe the core output of any type of industry- deliver benefits to the customers who purchase and use them. Goods can be described as physical objects as devices, whereas services are actions or performance[1]. Early research into services sought to differentiate them from goods, focusing particularly

[1] L. L. Berry, "Services Marketing is Different", Business, May-June, 1980.

on four generic differences, referred to as intangibility, heterogeneity or variability, perishability of output, and simultaneity of production and consumption[1]. These characteristics, although still cited, they do not apply to all services Table 1.6 lists wise basic differences that can help us to distinguish the task associated with services marketing and management from those commonly involved with marketing of physical goods.

1. **SERVICES ARE INTANGIBLE-** Although services often involved tangible elements, the service performance itself is basically an intangible. In services, the benefits come from the nature of performance, which requires a different marketing emphasis from marketing of tangible goods. Shastack views that an interesting way to distinguish between goods and services is to place them on a scale from tangible dominant to intangible dominant.[2] Philip Kotler offered five categories of a market offer.[3]

   1. Pure tangible goods (Soap or Salt)
   2. Tangible good with accompanying services (cars or computers)
   3. Hybrid combining roughly equal parts of goods and services (restaurants)
   4. Major service with accompanying minor goods and services (air travel)
   5. Pure service (babysitting or psychotherapy)

   Secser, Olsen and Wyckoff suggested that an acid test of whether a product is a good or a service is to determine whether more than half the value comes from the service elements.

2. **INVOLVEMENT OF CUSTOMERS IN THE PRODUCTION PROCESS** - The performance of services involves as embling & delivering the output of a mix of physical facilities and mental or physical labour. Some service require customers to participate in creating the service product. The involvement of customers in helping to create the service. Under such circumstance, customers can be thought of as partial

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[1] Valsrie A. Zeithami, A. Parasuraman, and L.L. Berry, "Problems and Strategies in Service Marketing", Journal of Marketing, 49, spring 1985 page-33-46.
[2] G.Lynn Shostack, "Breaking Free From Product Marketing", Journal of Marketing, April 1977, page-73-80.
[3] Kotler Philp, " Marketing Management, Analysis Planning and Control," Prentice Hall of India, 2000, page-467.

employees and service firms have much to gain from trying to train their customers so as to make them more competent and productive.[1]

3. **NO CUSTOMER OWNERSHIP OF SERVICES-** A very important difference between goods and services marketing lies in the fact that customers usually derives value from services without obtaining ownership of any tangible elements. For example marketing a car rental service to a customer is very different from attempting to sell a car at an automobile dealership to same person, who may intend keeping it for at least three to five years.

4. **OTHER PEOPLE AS PART OF PRODUCT** - The type of customers who patronize a particular service business helps to define the nature of service experience. For e.g. if you attend a stay performance, the behavior of the fans can be a big plus of the fan are enthusiastic but well behaved. At the same time, if some of them are rowdy and abusive it can spoil the enjoyment of other spectators. In many "high-contact" services, customers not only come into contact with service personnel but also rub shoulders with other customers (literally so, if they ride a bus or train during the rush hour) by contrast, low contract services are after delivered at arm's length, with human contact being limited to resolution of problems. The difference between one high-contact service and another often lies in the quality of employees who serve the customers.

5. **CUSTOMER EVALUATION OF SERVICE IS DIFFICULT** -One of the difference between marketing of goods and services is that services are comparatively difficult to evaluate. Before purchasing a product a customer can determine it by its physical characteristics such as colour, shape size, design, style, price, feel, handness and smell. Other goods and some services by contrast, may emphasize experience properties that can be discenned only after purchase or during consumption, such as taste, wearability, ease of handling, quietness and personal treatment. Finally, there are credence properties characterstics that customers find hard to evaluate even after consumption.[2]

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[1] Bonnie F.C., "Leveraging Customer Competing in Service Firm," International Journal of Service Industry Management 8, no.1, 1997, page-5-25.
[2] Valarie A. Z., "How Consumer Evolution Process Differ Between Goods and Services," in Marketing of Services, ed., J.A.Donnelly and W.R.George (Chicago, American Marketing Association).s

Since a service is a deed or performance and not a tangible item, the customer cannot keep it with them, thus, a service is perishable i.e. it cannot be stocked for sale after production is completed, services cannot be stored for later use. They are produced and consumed simultaneously. Although the necessary facilities, equipment and labour can be held in readiness to create the service, they do not represent the product itself. They simply represent the productive capacity. The unused capacity in a service business is like a running water in a sink without a plug. An empty seat in a bus cannot be stored and used laters, it is to be used simultaneously when the services is being produced, this mean that the flow of service is wasted unless customers or users are present to receive it.

7. **GREATER VARIABILITY IN OPERATIONAL INPUTS AND OUTPUTS-** It is difficult to standardize and control variability in both services inputs and outputs. As manufactured goods are concerned, they can be produced under controlled conditions which have been designed to optimize both productivity and quality and then can be checked to meet the quality standards. But for services that are produced and consumed simultaneously, final "assembly" must take place under real-time conditions which may vary from customer to customer. These factors make it difficult for service organizations to improve productivity, control quality and offer a consistent product.

However, not all variations in service delivery are necessarily negative, and morden services business are coming to recognize the value of customizing at least some aspects of the service offering to the needs and expectations of individual customers. In fields such as health care, it is essential[1].

8. **DIFFERENT DISTRIBUTION CHANNELS-** Distribution channels used in the marketing of services and products are of different nature. Manufacturers which produce their products in one location and require physical distribution channels to move goods from the point of production viz. factory to the point of consumption viz. consumers whereas many service businesses use electronic channels (as in abroad

[1] Curtis P. Mc. Laughlim, "Why Variation Reduction is Not Everything," A New Paradigm for Service Operations," International Journal of Service Industry Management 7, no.3 , 1996, page-17-31.

costing). Alternatively, they may choose to combine the service factory, retail outlet, point of consumption at style location, thus requiring them to get involved in site selection, building design and maintenance and management of customer contact personnel[1].

9. **IMPORTANCE OF THE TIME FACTOR-** The importance of the time factor in service business is more as compared to the products, some services are to be delivered as they are produce. This means that customers have to be physically present to receive service from the service organization. For e.g. airlines, hospitals and restaurants. Customers are willing to spend only a limited amount of time at the service organization. Moreover, sometimes people are willing to pay more for faster service. The customers expect service to be available at a time when it suit them rather than which suit the service company. Hence the importance of the time factor in the service sector.

MARKETING CHALLENGES IN SERVICES

The dynamic environment of services today places a premium on effective marketing. In this challenging environment several skills in marketing strategy and execution are required in the areas in which the many service firms have been traditionally weak. For getting excellence in services several elements such as closeness to the customer, productivity through people and staying close to the known business are greatly required.

The activities and output of the services marketing function is much broader than the activities of the traditional marketing department. Since a service firm in a cluster of different activities performed by different human groups with strong loyalty to a narrow functional area and apathy and prejudice to others, it requires a close co-operation between marketers and those managers responsible for operation and human resources. Thus a major task for the service firms is to adopt the marketing oriented thinking across the whole world. Making all the departments "think customer" is essential so that all functions have the customer perspective in mind. Different functions units must operate in manner that customer satisfaction is maximized by delivering

[1] Lovelock, C. "Services Marketing ,People, Technology, Strategy" , Pearson Education Asia, 2001, page-14-20.

quality service. The point is to generate customer oriented culture across the organization. In their movement to marketing orientation, firm face three challenging organized resistance, slow learning and fast foregoing[1].

The first hurdle in the process of breaking with the old approach to handling business is generally the resistance confronted by established functions. For e.g. in some organization some functions such as "finance" is considered "superior" in relation to other factors such "manufacturing selling etc. The superiority of some functional units over others often resists the implementation of marketing. This is due to that marketing disturbs their power position and tends to accord greater importance to people who are closer to the customer. In services, the marketing idea is resisted by professors, doctors, front line staff in banks, hotels and restaurants.

Second handle in breaking with the old approval in the slow learning, bringing about a change in culture requires sustained, long run efforts. The acceptance is very slow thought the change is not impossible.

Thirdly and finally fast forgetting is also a great hurdle firms who have adopted their marketing philosophies sometimes fail to stick to its principles. So, as firms become market–oriented, success comes their way and their management become complacent and tend to ignore basic marketing benefits until they face with failure.

Although it's still very important to run an efficient operation, that orientation no longer suffices for success. Employees must be customer service oriented as well concerned about efficiency. The service product must be tailered to customer needs, priced realistically, distributed through convenient channels and actively promoted to customers.

In addition to these, there are several challenges which the service firms faces:-

(i) Many services companies do not face real crises in spite of their mediocre performance. A very important reason for this is that many a times the customer do not convey their dissatisfaction and service managers tend to live in a world of make belive.

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[1] Harsh V. Verma, "Marketing of Services" , Global Business Press, 1997, page-20-24.

Market conditions do not force them to reconsider their approach to managing services. Hence, no matter how incorrect their managing skills and operation are, they carry on the business in the way it is being carried on. Getting out from the existing mode is very difficult and slow. The challenge for service managers is to reconnection their techniques and tools because they might be foregoing great potential in the shadow of blissful ignorance.

(ii) Quality control and improvement in services is an unexplored area in services marketing. Quality refers to laying down of specifications and striving to achieve maximum conformity. The techniques for quality control have been evolved to manage the quality related problem in goods but quality control in services is a much complex task. This is due to intangibility, variability and involvement of customers in their production. The challenge here is to recognize the value of customizing at atleast some aspects of the service offering to the needs and expectations of the individual customers.

(iii) The word "marketing" has been used in the context of manufacturing organization. Since services are different from products, the marketing strategy followed in the manufacturing firms must be different from those which should be followed in case of service firm. The concept of marketing has been evolved to handle "tangibles" marketing. Thus the challenge for service marketers is that they need to be convenient with the extend 7 P's framework.

(iv) Human involvement in service production is inherent. Services may vary in terms of but total substitution of human element is quite impossible. Thus the challenge is to make the humans involved in services to be service minded. The challenge for service managers is first to market jobs within the organization before they move on the market service products to customers.

RELATIONSHIP MARKETING

Marketing is continually evolving in response to the changing environment. New strategies, techniques and tools for marketing managers are constantly being developed. Marketing has also moved away from the original idea of bringing about mutually satisfying benefits or exchanges. Societal marketing, for instance, addresses a wider need - in societal marketing, the exchange should result in benefits to

society as well as the organisation and its customers Green marketing, following the trend towards environmentalism which is growing through concern for the world's resources, suggests that no marketing decision should be undertaken without regard to the possible long-term effects. Product design, packaging, manufacturing process and distribution decisions are examples of the issues influenced by 'green' thinking.

Services marketing is also a growing speciality, and concepts such as internal marketing have been developed within the services sector, but are now widely recognised to be highly relevant to all organisations. Internal marketing calls upon the organisation to have equal regard for its internal customers - the employees - as for its external markets. Internal marketing programmes can enhance employee and customer satisfaction through increased involvement between all members of the organisation in its marketing efforts. Relationship marketing goes one step further. Organisations are urged to focus not only on their relationship with customers - external and internal - but with other elements within industry and society which can impact on the organisation's long-term success. The emphasis too is not on bringing about exchange processes, but on building relationships. Quality.service is the key to customer retention through customer satisfaction. Customers who keep coming back for more is the goal; zero defections rather than zero defects.

The main focus of marketing has always been the market - customer needs and wants. However, there are many other influences on an organisation's marketing activity. In conducting a SWOT (strengths, weaknesses, opportunities and threats) analysis, an organisation must consider these micro-environmental factors. As well as the organisation itself, and its internal and external markets, its publics must be considered. An organisation's publics include: Suppliers Intermediaries, the government and its agencies, Shareholders, Community groups, Affiliated trade and professional associations Trade unions, Banks and finance houses and consumer groups. The aim in relationship marketing is to build and maintain relationships with all the organization's as above publics.

RELATIONSHIPS WITH CHANNEL MEMBERS-

Out of all the influencers a particular group merits special attention when it comes to building relationships. This set of publics interact directly with the organisation at the input and output stages. They are co-operators in the business activity. They are all channel members and they represent both the supply side and the distribution side. Some sources focus solely on supplier markets but channel members such as intermediaries and agents in the distribution market can have an equal impact on an organisation.

If fully integrated channels are the most efficient (where a single organisation operates at every channel level), then it is obvious that, where full integration is not possible, relationships must be developed within the channel. Even in services marketing, where channels may not exist to the same degree, this is vital. Package tour operators must have positive relationships with their suppliers (hotels and airlines, for example) and with their distributors (travel agents). Financial organisations must have confidence in brokers who trade in their services. Restaurants, hairdressers, auto-service stations and hotels must be on good terms with their suppliers to be able to operate effectively.

The objective of relationship building with these groups is to develop co-operation and co-ordination between all the parties who can impact on the overall satisfaction of the ultimate consumer. Quality of service delivery is paramount, and suppliers and channel members play a major role in service quality.

RELATIONSHIPS WITH CUSTOMERS

Relationship marketing is also about 'building relationships with customers, rather than creating exchange processes. Customer contact should be maintained after the sale has been completed, and the focus is on retaining customers, rather than simply trying to attract new ones.

Car manufacturers and dealers have long recognised the value of this type of after-sales marketing. Existing customers are invited to social events when new models are launched, and are contacted periodically by dealers anxious to maintain a

'front of mind' relationship. Manufacturers actually employ sales and marketing professionals to develop innovative after-sales strategies to -increase customer retention. Insurance companies developed this kind of relationship in the days when the 'Insurance Man' - the representative - used to call on all his customers every week to collect payment. It was not unusual for the Insurance Man to become a family friend, and he was guaranteed all the family's insurance business, from life and savings policies through to pensions and funeral policies. Personal contact is still of critical importance in this market.

REFERRAL MARKETS

Another important influence on an organisation's performance is the level of business or activity arising from referrals. This is especially important in services marketing where 'word of mouth' recommendation can be a key factor in the consumer decision process. Frequently, referrals are informal - through family or friends, for example - but often they are more formal, as in industrial markets where specifiers (who may be from outside the client organisation) play a major part in buying decisions. Architects or consultants are often cast in the role of specifier when they advise their client where to source materials ad services. In consumer markets, formal referrals exist in many forms. The first-time buyer in the housing market may well take their estate agent's advice on which mortgage company to approach, and which solicitor to use. Travel agencies recommend, which holiday tour operator, will meet a customer's requirements. Insurance agents put forward the best policies for their clients.

Some organisations will find that a proportion of their customers come to them via a referral of some kind. For this reason, it is important to direct some marketing activity towards the members of the referral market - the specifiers -wherever possible. This is already done in many formal referral situations, where insurance agents and travel agents receive commission and other incentives to ensure their support. The pharmaceutical industry spends massive amounts on promoting their products to doctors who act as specifiers.

Where referrals are largely informal, however, it can still be possible to use innovative methods to develop this area. Health clubs invite members to introduce

their friends for a trial session. If the friend takes out a subscription, the existing member receives some incentive, such as free sunbed sessions. Existing customers can be the best source of referrals there is, provided that they are themselves experiencing high levels of satisfaction with the service they have received. This demonstrates again the potential power of relationship marketing.

INTERNAL MARKETS

Relationship marketing may go further than internal marketing but it still retains a very clear focus on the needs and wants of the internal market. Specially formulated internal marketing programmes to communicate, train and motivate internal market members are very important if the relationship is to be a positive one. Relationship marketing places the emphasis on building and maintaining a good workforce. Service quality depends to a very great extent on people, and developing long-term relationships with internal customers is just as important as building relationships with external ones.

Service organizations, in particular, have to pay special attention to recruitment of quality personnel. Recruiting the individuals of the right calibre is not always easy, especially under the current demographic changes.

Evidence also suggests that prospective employees, like consumers, are becoming more sophisticated in their demands. A 1990 survey of marketing & administration and personnel professionals showed that in choosing a firm to work for, a socially responsible image and 'green' policies were the most important factors. Organisations need therefore to communicate with prospective employees the employee market. Building relationships with the employee market, especially through long-term positive visibility on the graduate recruitment scene.

Relationship marketing is concerned with building long-term relationships rather than bringing about exchange processes. It is customer and market orientated, but it identifies a number of 'markets' which the organisation needs to understand and relate to. The organisation must design and implement strategies and programmes for successful relationship marketing. The markets which need to be addressed are as -:

Customer - existing and potential, Internal markets, Influencers, Referral markets, Channel markets - supply and distribution, Potential employees.

RELATIONSHIP MARKETING MANAGEMENT

Relationship marketing strategy development is really no different to marketing strategy generally except that there' should be a clear directional focus on relationship building throughout the formulation of strategic plans. A strategic focus is important for any successful marketing organisation the following are steps of strategic planning in relationship marketing:

- Objectives
- The mission
- SW0T analysis
- Market analysis and segmentation
- Strategy formulation
- Developing the relationship marketing mix

Objectives

The major objective in relationship marketing is quality, because relationships cannot be sustained if there are any problems with quality. This is particularly applicable to services marketing, where delivery of quality service is most important.

The mission

The starting point in strategic planning is the mission statement, and this provides a centralised strategic focus for the organisation. An organisation, which is committed to relationship marketing, will develop a mission, which reflects this through a focus on shared values and people-based goals. Customer and employee loyalty, even specific statements about customer confidence in making recommendations, are some of the key ideas which the mission statement should include in relationship marketing. It is very easy to relate these ideas to services marketing. Customer service should play a key role in the organisation's mission statement. This can help the mission to become

something that is 'owned' by everybody in the organisation because it reflects the role that all employees can play in customer service. The mission statement should be accessible to everyone in the company.

SWOT analysis

The next step in the strategic planning process is the SWOT analysis. This will cover the broad areas of the company's macro- and micro-environments, but will look in greater depth into the six market areas identified previously. An in-depth internal examination of the organisation should be undertaken to assess strengths and weaknesses. The internal market analysis will also contribute to this. The competitive environment must be thoroughly examined, and the relationship with competitors. This will tend to follow the industry structure, and other major competitive factors such as the degree of rivalry and barriers to entry.

Strategies relating to competitors, while not actually relationship building in the same sense as relationship marketing, should focus on co-operation and avoid devaluing the industry or service market sector. Competitors can work co-operatively to develop markets, and this should be the aim. The objective of this analysis is to identify opportunities and threats.

Market analysis and segmentation

The next step in the strategic relationship process is market analysis and segmentation. In relationship marketing, this should include, as far as possible, analysis of the six market groups. These groups might then be segmented so that the organisation can focus on means of tailoring the relationship to the specific needs of different groups. Not all of the market groups will be ad-dressed by formal marketing programmes - some segments may require more informal communication to build and maintain the relationship. Internal markets should be analysed and segmented as part of this process. There are a number of ways of segmenting internal markets, and these tend to be organisation-specific. Researching the internal market will help in determining the best way to segment it.

Strategy formulation

Once the macro-environmental analysis and internal review have been completed, objective setting is the next step. Management then need to select the strategic options, which will provide the greatest chance of successfully achieving the organisation's goals.

Developing the relationship marketing mix

Services marketing, will focus on the seven P's:

- ⇨ Product
- ⇨ Price
- ⇨ Promotion
- ⇨ Place
- ⇨ People
- ⇨ Process
- ⇨ Physical evidence

The marketing mix must be tailored to each of the six markets which previously explained, although the various elements of the mix will be used to a lesser or greater degree in the different cases. The product, or service offering, will be present mainly in the customer market, except when it is also used in or offered to the referral market. The promotional mix is the one most likely to be targeted to each market segment. Relationship marketing can be used to differentiate the product or service in the perception of the consumer. This enables the organisation to undertake product (or service) positioning. Quality service, in particular, stemming from consistent and supportive relationships can be a very useful tool for positioning.

QUALITY IN RELATIONSHIP MARKETING

It must be clear that relationship marketing has as its central strategic focus the role of quality. By improving and developing relationships with the six key markets through the design and~ implementation of formal organisational plans and

systems (rather than leaving the relationship aspects to chance) quality becomes integral to the organisation's activities.

In services marketing where the service delivery-is the fundamental measure of quality, and where people are the service providers, developing relationships through people helps build quality into the service. Relationship marketing goes beyond internal marketing in this context, and it also builds on other advancements in quality such as Total Quality Management (TQM). There are a number of ways in which systematic relationship building can help increase service quality levels.

Increased customer contact

It should not only be the job of field service staff to visit customers. Relationship marketing should allow for more customer contact (and on a more regular basis) between the customer and the organisation on many levels. The relationship can be helped enormously be allowing non frontline staff to mix with their opposite number, for example on the customer organisation staff; customer conferences and focus groups can present an excellent forum for feedback and new ideas.

Enhanced customer service

Increased (but not necessarily more expensive) communications with customer groups can enhance customer service. Regular updates, progress reports and newsletters can be amongst the simplest and most effective forms of communication. Acknowledgement of orders and documents, together with brief but courteous notes if the service delivery is to be delayed at all, can help raise perceptions of service. In legal practices, for example, cases can .drag on for years, and end up being very expensive so, there is an enormous bill to settle at the end. In relationship marketing, the client would be regularly updated on any new and also if there was no news which can be as important and the bill could be negotiated and spread over the duration of the case. This would solve two of the major complaints from consumers: that they are 'left in the dark' while waiting for the outcome of their case, and that the final bill is always too high.

CUSTOMER RETENTION

The other key aspect of relationship marketing is customer retention. Loyal customers who keep on re-purchasing are extremely valuable. Compared with the

cost of attracting new customers through advertising, sales promotion and other means, any effective method of retaining existing customs who will continue to spend money with the organisation must be important. A number of tools can assist in the process. An example of this is database marketing where customer-buying histories and other information can be listed on a database, and then referenced and cross-referenced in the future to target new products or promotions accurately.

Another important aspect of the task of analysing how to retain customers is to carry out market research amongst customers who have defected. Why did they go to a competitor? Why have they stopped using your service? The answers to these questions can hold vital information for services marketing managers.

Research is important to establish why customers defect, as studies have shown that a large proportion of dissatisfied customers never complain - they simply stop using the service. By the same token, customer complaints handling procedures should be properly carried out to ensure that first the complaint is rectified and the customer is satisfied-.and second the necessary action is taken to prevent that problem occurring again.

CHAPTER- II

SERVICES MARKETING MIX

- PRODUCT
- PRICE
- PROMOTION
- PLACE
- PEOPLE
- PHYSICAL EVIDENCE
- PROCESS

CHAPTER-II

SERVICES MARKETING MIX

Marketing is a process of perceiving, understanding, stimulating and satisfying the needs of specially selected target markets by channeling an organization's resources to meet those needs. It is not only concerned with the development and implementation of successful programmes and strategies. For successful marketing, there should be marketing orientation through out the organization which fosters the marketing concept and demonstrate a marketing approach to all internal and external activities. It is concerned with the dynamic interrelationships between a company's product and services, the consumers wants and need, and the activities of competitors.

The importance of the role-played by the service provider and the customer is often greater in the marketing of services than in the marketing of physical goods. Thus every interaction between the organization and its customers can affect the quality of the services and the benefits provided. Therefore, if a true marketing orientation is to be achieved, all members of the organization should know and understand what marketing really means and how it can shape their approach to their own responsibilities. The marketing function can be considered as consisting of three key components:-

1. The marketing mix
2. Market forces
3. A matching process

Marketing mix include the important internal elements or ingredients that makeup an organization's marketing programme. Market forces are external opportunities or threats which the marketing operations of an organization interact with the matching process refers to the strategic and managerial process of ensuring that the marketing mix and internal policies are appropriate to the market forces. Marketing has

come relatively late to services. A study of 400 service and manufacturing firms in the mid 1970's concluded that service firms appear to be:[1]

- Generally less likely to have marketing mix activities carried out in the marketing department.
- Less likely to perform analysis in the offering area.
- More likely to handle their advertising internally rather than go to outside agencies.
- Less likely to have an over all sales plan.
- Less likely to develop sales training programmes.
- Less likely to spend a much on marketing when expresed as a percentage of gross sales.

Taken as a whole, marketing in the services sector today still lags behind the consumer goods and industrial sectors. To some extent the lack of attention directed to marketing of services is surprising considering the size of the service sector. This is explained by the lack of competition in many services businesses until recently. Some other reasons may include the restrictiveness of the traditional 4 P's of the marketing mix when marketing services and the complex nature of services.

Marketing mix is a set of marketing tools by which an organization will be able to satisfy the needs and wants of the market and in the way which suits the organization's objective. The increased attention to the application of marketing in the services sector has brought into question what the key components or elements of a marketing mix for services are, or what they should be. A service quality gap between the market requirements and the firm's marketing offer if the elements chosen to develop a marketing mix for a service are not comprehensive.

The phrase 'marketing mix' was first used by Neil H. Borden. Borden suggested twelve marketing mix variables in the context of manufactures. Since then the marketing concept has been subjected to refinements. The most popular 4 P's framework is suggested by Mc. Carthy[2] with the marketing mix variables- Product, Place Promotion and Price. However, it has been argued that the concept of 4 P's in marketing mix offers

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[1] W.R. George and H.C. Barkedale, "Marketing Activities in Services Business," Journal of Marketing, October 1974, page-65.
[2] Mc. Carthy, Jerome, E., Basic Marketing, A Managerial Approach, Homewood, III, Irvin, 1980.

a seductive sense of simplicity which may lead to neglect of some key relevant elements. Therefore, conventional marketing mix needs to be broadened.

"Marketing seems to be over whelmingly product oriented. However, many service based companies are confused about the applicability of product marketing, and more than one attempt to adopt product marketing have failed[1]." Services characteristics are radically different from goods; and so are the challenges in their marketing. The challenges encountered by the service manager – like consistency in quality, managing customer-provider interface, inventory, absence of patent protection-necessitate skills that are not generally possessed by a goods manager. The activities in services marketing are different and often do not full in the conventional marketing mix classification, though many concept s and tools used by goods marketers hold good in services with some change in focus and importance. Thus, it is very clear that 4 P's model does not capture full complexity of services marketing in practice and does not recognize the essential interrelationships between key aspects of marketing in service-businesses. To capture the nature of this challenge, we will be using 8 P's model of integrated service management, which highlights the strategic decision variables facing managers of service organizations[2].

PRODUCT

A product is an overall concept of objects or processes which provide some value to customers. In a broad sense, the term "product" is used to denote either a manufactured good or product, and a service. When customers buy goods and services, they really buy specific benefits and value from the total offering. We term this total offering to customers 'the offer'. It has been suggested the offer can be viewed at several levels (as shown in Table-2:1) include the following[3]:-

- The core or generic product- this consists of the basic service product.
- The expected product- this consists of the generic product together with the minimal purchase conditions which need to be meet.

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[1] Shostack, Lynn G., " Breaking Free From Product Marketing", Journal of Marketing , April 1977, page-73.
[2] Bernard H. Broons and Mary J. Bitner, " Marketing Strategies and Organization Structure for service Firms" in Marketing of Services, Chicago, American Marketing Association, 1981, page, 47-51.
[3] T. Levitt, The Marketing Imagination, The Free Press, New York, 1983.

- The augmented product- this is the area which enables one product to be differentiated from another. They differentiate by 'adding value' to their core product in terms of reliability and responsiveness.
- The potential product- this consists of ale potential added features and benefits that are or may be of utility to buyers. It includes the potential redefinition of the product to take advantage of new users and the extension of existing applications.

TABLE 2:1

Services marketing mix: going beyond the 4 ps

Product level			
Product level		Restaurant	Bank
1. Generic	'The basic benefit'	Serving space, food,tchen, and staff.	Banking space, loan able funds, safety of deposits.
2. Expected	'The expected benefit'	Cleanliness, timely service,polite and courteous behaviour, menu availability, music.	Correct transaction recording, timely service, designed banking hours, minimum courtesy.
3. Augmented	' In addition to to the expected benefit'	Sparking floors, ambience, smiling employees, courtesy, welcome note music of choice.	Congenial waiting room, friendly employeeds, 'may I Help you' attitude, Relationship orientation, quicker service than the normal, admission of faults in the event of a mistake.
4. Potential	'Beyond the usual; plesant surprise'	Welcome flowers, manager's word of thanks, readiness to go out of the the way to serve.	Occasional greetings at home, The 'How are you Mr. X' culture, surprise gifts, readiness to go out of the way to satisfy the Individual customer.

Thus a service product is a complex set of values satisfaction. People buy services to solve problems and they attach value to them proporition to the perceived ability of the service to do this. A service product refers to an activity or activities that a marketer offer to perform, which results in satisfaction of a need or want of predetermined target customers. A service manager must be attentive to all aspects of the service performance that have the potential to create value for customers.

BALANCING THE TANGIBLE AND INTANGIBLE COMPONENTS

Generally, all customer purchases embody a combination of tangibles and intangibles. Absolute goods or services are rare. On the face of it, certain in products look like absolute goods without any intangible element in them but, in reality, they do incorporate a service element which is overshadowed by their tangible component. For example, computers, automobiles, televisions all have a dominant tangible content but they also encapsulate intangible elements in the form of warranty, insurance, repairs, servicing, installation, technical information, prestige, status, etc. Minus an intangible component, the product package is far from complete. Similarly, certain services that are apparently intangibles also combine the tangible or physical components to create a whole service package. Pure services like teaching and consultation, generally, do not carry any physical output. However, other services like restaurants, retailing, fast food, hospitals and airlines offer product packages which combine both elements. Firms engaged in the marketing of products tend to emphasis the tangible component in the product package to the neglect of the intangible. This makes them unbalanced in their offering. On a similar line, service firms caught in the tangibility trap, focus on the tangible component in their product package, where as their focus should be on service, i.e. the intangible. This misconception about the product package leads to imbalanced marketable goods or services that fail to maintain and lure customers.

Most often it is seen that fast food restaurants 'sell hamburgers', the luxury restaurants serve, 'tasty food or cuisine', and airlines 'have a fleet of the latest aircraft'. These offerings signify a bias of these services towards tangible elements in the product package. The importance that different customers attach to intangible and tangible components varies. Which component should be focused on in advertising, or should be a unique selling proposition is a critical decision for a service manager. The answer to this should be sought not by looking into your own mind, but by exploring the preferences of the target market. Accommodation of customer variations is possible by focusing and combining elements that match with the target customer expectations and preferences.

A clear perception of customer benefit is of paramount importance in the evolution of a focused service package. Now the question arises as to what is required to

break the goods-services dichotomy and view the marketing entities on an intangibility-tangibility continuum. In the absence of such realization, organizations find it difficult to judiciously combine elements and signal the same to the customer. From the customer's view point "almost all purchases of goods are accompanied by facilitating services and almost every service purchase is accompanied by facilitating goods[1]." In service firms, such product-package imbalances that stem from lack of this insight are common. "The bank has all the physical facilities necessary to perform the banking operations but the customer ignore the facilities because the employees are inefficient in managing relationships" (focus on tangible, missing intangibles); "The restaurant serves the finest cuisines but has a poor service record."(over emphasis on tangibles and ignoring intangibles). In order to create a well balanced service package, the marketer must resort to an analysis of the benefits that customers seek and how they can be brought home. To sum up, management and marketing of services primarily involves balancing the mix of tangible and intangible component in a service product. The service manager, therefore, must try to mix elements that will make the offer closer to customer specifications.

SET THE SERVICE LEVEL AND DELIVER

The purchase of a tube of toothpaste is a common experience. But consider for a minute your experience when you buy tubes of toothpaste at two different points of time. The products bear phenomenal similarity. On all possible dimensions-weight, paste thickness , colour , package, size, taste, etc.-both units are uniform. Now consider your experience of dining in a restaurant on two occasions. On no two occasions is the experience identical; each time it turns out be a unique one. The taste of the food , the bearer's behaviour, the billing time , the social environment, the music, and the menu availability are different. This example highlights the fact that whereas product manufacturing firms achieve great consistency in their output , delivering service at a uniform level is not as simple as that, and is the headache of the services manager.

The concept of service level is the service marketer's equivalent to the concept of quality in manufacturing organizations. The manufacturers in various products categories have been able to master quality control in their operations. However,for most service level has so far been an illusion.

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[1] Rathmell, John, Marketing in the Service Sector, Cambridge, Mass, Winthrop, 1974.

Table-2:2

An Airline Customer Expectations and Preferences

Segment	Benefits sought	AirlineProduct element (Tengible&Intangible)	Focus	Advertising Examples
Economy Travelers	Travel at low cost	Airplane(t)Transportation(I) Service schedule	Transportation	
Business professionals	Convenient timings	Hostess Appearance(I)	Service schedule Transportation	"Say good morning in Frankfurt. Have a good day anywhere in Europe." Lufthansa "Non-stop to London thrice a week." Thai
Tourists	Convenience in pre-flight& post-flight arrangements	Preflight service(I) post flight help(I)	Transportation pre-post-flight service	"Holidaying in Europe, the Singhs are happy to discover that memories are made on the wings of Swissair, "Swissair
Dignitaries Rich class	Exquisite travel	Comfort and Customer care(I)	Food,beverages, extras	
Cargo	Punctuality pre-post-flight facilities	Seating(T) Extras(T)	Airplane Pre-post-flight service	"The most sophisti-cated cargo carrier runs the world's most sophisticated cargo complex." Lufthansa Cargo

"The service level is a measure of the levels of the explicit and implicit benefits provided to the consumer and is comparable to the quality level of manufactured goods in the sense that it specifies performance characteristics of the product[1]." Manufacturing firms' competence in operating at the particular quality level has its source in inherent advantages of tangibility of their output. For goods, the standards can be set without any ambiguity on various product or performance related parameters. And

[1] Saser, Earl W., R. Paul Olsen and D.Daryl Wyckoff, Management of Service Operations: Text. Cases and Readings, Boston, Allan and Bacon, 1978, page-18.

the same can be administered with a great degree of precision so that the output conforms to the standards.

On the other hand, for service firms the service level is complicated by the combined intangible and tangible components of their output. For tangible components-e.g. a hamburger in a fast food restaurant-the quality can be controlled by establishing measurable standards of the contents, that is, the facilitating goods which go along with the service products, can be delivered consistently. Delivering an intangible at a level consistently is a complex issue. It is here that most services firms falter. The experience in two flights of the same airline is not the same thing. The visit to a bank on two occasions brings different experience. The consumer's experience is, as such a result of provider-customer interaction, atmosphere, emotional stresses, anxieties, surprise, behaviour , etc. It is because of these diverse factors (varying at different points of time) that no two customer experiences are identical. This variability of experience is attributable to the inability of the service firms to deliver the intangibles uniformly.

Service firms must learn to manage intangibles. They need to go beyond the technical skills of employees or the tangible output Service levels should be set in accordance with the desired customer satisfaction. The answer to 'what the customer expects' should be sought. And it isn't an easy answer because the subjective nature of the customer expectations often vitiates the whole exercise. For restaurant customers , for example when the duration between placing an order and receiving the order becomes a delay, is subjective. Therefore, service firms must define the service levels for different activities-booking time, waiting time, processing time, greeting standard, thank you note-in reference to expected level of the target customer.

PRICE

Pricing is one factor that has received much less attention in service firms. Pricing decisions in services are approached in not-very-sophisticated manner. The role, price plays in marketing strategy is lesser known in service firms than in manufacturing firms. Even in Britain, the United States and some other developed economies where more people are employed in the provision of services than in the direct production of material goods, the marketing of services in general , and their pricing in particular, are

relatively neglected aspects of management studies[1]. Though price is one of the Ps in the marketing mix of firms, it use as a purposive marketing tool has limited to a few marketers. Most marketers tend to adopt a passive approach and commit many mistakes in pricing of their goods and services. "The most common mistakes are these: Pricing is too cost-oriented; price is not revised often enough to capitalize on market changes; price is set independent of the rest of marketing mix rather than as an intrinsic element of market positioning strategy, and price is not varied enough for different product items and market segments[2]."

IN SERVICES, PRICE HAS DIFFERENT NAMES

Unlike in manufactured goods, where price has one common name across a wide range, cutting across all goods classification, price in services goes by different names. The services are diverse. The extent of their diversity can be gauged by the names by which the price is called in services. In Table 2:3 , some terms referring to price in different services are listed. Almost every service has its own price terminology.

ISSUES IN PRICING OF SERVICES

Pricing is important because it has a direct bearing on sales and profits of an organization. Therefore price can not be determined in isolation without keeping in mind sáles it would generate and the profit would earn. Generally , a trade-off is observed between the sales and the profit. A lower price of a product or service is capable of generating higher sales at low profit per unit. Similarly, a high price would result in greater profit margins but the product or service may not sell that much. Pricing arithmetic is not simple. There are a number of factors that influence the pricing decision of a firm. It is important for a firm to consider the customers, the marketing offer, competition, legal frame work, and social and technological environment while setting the price.

[1] Gabor, A, Pricing Principles and Practice, London, Heineman, 1980.

[2] Kotler Philip, Marketing Management: Analysis, Planning and Control, Prentice Hall of India, New Delhi, 2001, page-429.

Table-2.3

Terms Used For Price In Service	
Service	**Price**
Advertising	Commission
Consultancy	Fee
Financial Service	Interest/charge/commission
Health Care	Fee
Transport (Taxi, Bus,Railway)	Fare
Insurance	Premium
Property/Accommodation	Rent
Road use	Toll
Education/Tutorial	Fee
Share/Stock Services	Brokerage/Commission
Legal Service	Fee
Recreational Service	Ticket charge/money, Admission charge
Executive/Office Services	Salary
Guest Speaker	Honorarium

Pricing methods and practices tend to vary widely in service industries. Unlike goods, which may bear similarities in processes, competition, output, raw, material, labour, etc., service industries are laden with diversity. On the spectrum of variety and uniqueness, services are unique, both, in their own character and in their difference from one another. This service character does not allow standerdisation of pricing across various categories. A household service supplier, banking company, hairdresser, transporter, etc., because of their unique character, tend to consider their pricing in a variety of ways.

Besides the common consideration faced by a marketer in general, a service marketer has to look into additional issues that emanate from service characteristics as distinct from goods. Some of these issues are as follows.

a) Service intangibility has an impact on customer perception. Since, service do not have a tangible component the buyer often holds a strong price-quality association. He views price as a surrogate for service quality. Therefore, low priced services are often taken to be of low quality, and high priced services are perceived to be of superior quality. Many health centers, educational institutions, personal care centers, and restaurants capitalize on this insight , and follow high price strategy to slot their services in the higher quality position.

b) Services are not inventoriable. That is, services can not be produced and stored in advance to meet the peak demand. Service capacity also cannot be cut in lean periods. Demand fluctuation is one of the important problems faced by service marketers, because they can not meet an increased demand from buffer stocks. These ups and downs in demand often lead to price variations. A service marketer often uses price as a tool to manage demand. Price may be kept high to keep customers off during peaks (e.g. lunch and dinner time in restaurants, convenient flights), and low to encourage customers to use services in the lean periods (flights on odd time, telephone facilities in midday or at night).

c) Machanised services- those having high equipment content, e.g. automatic car washers, vending machines, fast food-tend to be standardized. This may create conditions for high competition in price. Price of such services would hover in a narrow range reflecting the competitive intensity. On the other hand, in service categories wherein standardization of output is not easy, the price may tend to vary from one firm to another. A service firm would have greater flexibility in adopting a price policy that is commensurate with the type of differentiation the firm is aiming for.

d) In certain services, customer participation in the service production is essential. This adds another dimension to service pricing. The customer may have to incur certain intangible costs other than monetary value or price. He may have to spend time, exert physical efforts (self service departmental store), undergo sensory discomforts (unpleasant smells, excessive heat or cold, uncomfortable seating), or bear psychic costs (mental efforts, feeling of inadequacy or fear)[1]. The pricing

[1] Lovelock, C., H., Service Marketing, Englewood Cliffs, N.J., 1991, page-236.

decision in such services should accommodate the intangible costs that a customer may be subjected to. It would require the managers to go beyond the 'numbers game' while pricing the services.

e) In some services, the price is administered or controlled. In communication services, postal services, health care, education and railways, price is not a controllable variable in the service marketers marketing mix. It may be determined by the government on socio-economic-political considerations. Therefore, greater reliance is placed on other controllable tools to achieve marketing objectives. Also , in some services, pricing is determined in a collective fashion. Trade associations, professional bodies, or institutional arrangements may impose broad guidelines for fixing the price of services. These arrangement may take different shapes, from being an overt agreement to tacit understanding. The following table gives the different price regiments in services.

Table-2:4

PRICE REGIMENS IN SERVICES		
Govt. controlled	**Self controlled**	**Market controlled**
Electricity	Advertising	Auto servicing
Posts	Hospitals	Repairs
Telephone	Lawyers	Dry-cleaning
Telegraph	Stock Brokers	Tailoring
Rail-road		Personal care services
Higher Education		Hotels
Public Transportation		Recreation
Tax/Auto charges		Domestic services
Banking		Property dealing
Insurance		Retailing

PROMOTION

Many a time people take 'promotion' as marketing. Promotion for its ubiquity attracts more than its due from the management. Marketers employ various promotional tools-advertising, sales promotion, public relations and personal selling-to

inform the buyer about what they have to offer, and persuade them to buy the same. The usage of promotional tools, has not been uniform across different industries. Industrial goods promotional mix is generally dominated by personal selling, while consumer goods marketers seem to place heavy emphasis on advertising.

"The rated importance of promotional tools varies between consumer and industrial market. Consumer goods companies rate advertising, sales promotion, personal selling and public relations in that order. Industrial goods companies rate personal selling sales promotion, advertising and public relations in that order[1]." Service sector companies' use of promotional tools is not very old. Services for different reasons, have not been aggressively promoted. However, now with the changing marketing environment, use of promotional tools as an active marketing strategy is catching on fast. To function effectively in a fiercely competitive environment service marketers must learn to make optimum use of promotion as a tool which holds immense potential.

ACTIVE PROMOTION IS FROWNED UPON

It's very rare to come across advertising or sales promotion activity in a professional service firm. Physicians, dentists, lawyers, consultants, chartered accountants, etc., do not advertise their services. Active promotion is frowned upon. In consumer goods, using over dosages of promotional activity is an accepted quality norm. It has no established negative association with the product quality. However, in professional services promotional activity is kept at a low ebb because it might backfire since people are not used to advertising of professional services. "Good professionals do not advertise because they don't have to, is the accepted norm. There is danger that the client may infer that the professional lacks competence, and needs to blow his own trumpet to attract clientele.

Professional bodies and associations sometimes also place constraints on members about the use of certain promotional tools. Self-promotion is held in bad taste and regarded inappropriate. Therefore, most professionals rely on passive and not-so-conspicuous methods to boost their clientele. The accepted tools include limited newsletters, word of mouth, handouts, brochures, novelties, press releases and conference

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[1] Kotler Philip, Marketing Management: Analysis, Planning, Implementation and Control, Englewood Cliffs, N.J., 1991, page-586.

participation. However, the environment is now changing. In the US, for example "restrictions against the use of advertising, solicitation, competitive bids and certain promotional tools have essentially been eliminated in all the professions. A service of highly publicised 1970s court cases has spurred elimination of those restrictions from, both, professional codes of ethics and selected state statutes."

In the near future, the professional services in India too will more on to accept marketing . The competitive forces would provide the necessary impetus to professional service providers to resort to active promotion, as is already obvious.

PROMOTION AND SERVICE CHARACTERISTICS

The use of active promotion in the marketing of services is new. Therefore there exists inadequacy of knowledge and understanding about its effects. "Despite the growth and importance of service industries, there has been little work published specifically on advertising of services. Given this lack of attention, one might conclude, incorrectly, that the problem of services advertising are no different from problems of goods advertising[1]."

Goods and services are essentially different. These differences in the nature of the service product, competitive scenario, and hence, buyer behaviour would have an implication for promotional decisions of the firm. The promotional decisions-regarding the mix , and the role and content of different tools-must be geared to accommodate such service realities. Service characteristics have the following implications:

a) Customers look for tangible clues . Because goods are tangible and palpable, they can be seen touched, felt, smelt and tasted prior to purchase. The goods tangibility facilitaties customer search and evaluation process. There exists considerable tangible evidence to arrive at an opinion. In services, the intangible nature of the product does not supply prospects with various product-related dimensions. To compensate for this, the customer looks for tangible clues associated with the service to evaluate various service options.

b) A customer looks for a friend's advice. Service are generally high on experience qualities, i.e. the attributes which can be discerned after purchase or during

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[1] George, William R. and L.L. Berry, "Guidelines For the Advertising of Services", Business Horizon, July-August, 1981.

consumption. For example, a night's stay in a hotel to a vocation in a resort-their attributes can not be known in advance until they are purchased and consumed. In such a case, the service purchases behaviour cannot be the same as that in goods' purchases which are higher on search qualities(the attributes can be known in advance).Without prior knowledge of service the customer may perceive risk and therefore, may seek a prior user, or friend's advice. The word of mouth is considered more reliable than mass communication. In service like hospital, schools, lawyers, beauticians, etc., the customers place more emphasis on the word of mouth than on mass media.

c) Service is a conspicuous consumption. Unlike goods, services are not owned; they are consumed. A customer may have access to a hotel room, club, or bank, but can not physically possess the service. In some goods, a strong motive for purchase is conspicuous consumption. Customers seem to buy automobiles, designer jewellery, apparels and clothes, and household high-tech appliances as much to 'show off as for their utility. Needs and motives for the purchase of services may be the same, but since services can not be possessed, they can not be demonstrated in public. It is here that promotional tools, especially advertising, should be assigned to satisfy customer motive.

d) Service invariably involves building ties with the service provider. In certain professional services-lawyers, physicians, dentists, surgeons, management consultants, etc.-the buyer likes to meet the service provider. Though this process , the customer wants to reduce risk and uncertainty. It is a way of satisfying one's anxiety about the type of services one will get. "The use of salespersons or full time presenters to sell the services of unseen professionals is therefore, ill advised. The professional who will be 'doers' of certain kind of work need to become involved with the selling of that work[1]."

EFFECTIVE ADVERTISING FOR SERVICES

Services are different from goods in some basic ways. The service characteristics pose unique selling and marketing challenges. Advertising, which, in the

[1] Kotler, Philip and Paul N. Bloom, Marketing Professional Services, Englewood Cliffs, N.J., Prentice Hall, 1984, page-12.

case of goods, has achieved a great degree of sophistication and maturity has limited potential in services. While planning for advertising a service, care should be exercised to accommodate basic service characteristic, and their implication in the marketing effort. Listed below are some of the guidelines for the advertising of services.

a) **Advertise for the Employees-** Some of the services have to rely heavily on the human on the performance in the provision of the service assumes greater importance because the customer often interacts with them in the course of service production and consumption. In such cases,the quality of employee is inseparable from the quality of service provided. Therefore, the airhostess in an airliner, the waiter in a restaurant, the front office clerk in a bank, the nurse in a hospital are key personnel in the service experience.

   Unlike goods advertising , which is heavily focused at external audience to induce them to buy, service advertising needs to be focused at win audience. It should propel employees to perform excellently in order to serve the customers better, and at the same time achieve the sales promotional objectives in the service market. Service advertising should encourage customers to consume and employees to perform. "The successful service company must first sell the job to its employees before it can sell its service to customers[1]'.

b) **Encourage by Work of Mouth-** Labour intensiveness and customer participation in many services prevents complete standardization of the service output. Delivering service products consistently of a uniform quality is not very easy. Also, the intangible nature of the product does not allow customers to develop confidence in a variety of service offers. "While some degrees of perceived risk probably accompanies all purchase transactions, more risk would appear to be involved in the purchase of services than in purchase of goods, because services are intangible, non standardised, and are usually sold without guarantees or warranties."[2]

   It is for these reasons that consumers rely on direct word of mouth when buying the services of a doctor, lawyer, mechanic, estate agent, plumber, or

[1] Sasser, Earl W. and Stephen P. Arbeit, "Selling Jobs in the Service Sector', Business Horizon, June1976, page-64.

beautician. This mode of communication helps the customer in reducing perceived risk inherent in the purchase of service. Recommendations of the people who have experience the service before are generally sought. The service marketer can capitalize on this insight of customer behaviour by directing advertising on opinion leaders and reference groups who have an influence over the market. The advertising can also feature satisfied customers to let other prospects know of their experience. The prospects can also be encouraged to have a dialogue with existing customers, or opinion leaders. Thus, service marketers should aim to use non-personal mode of communication in a manner that encourages personal communication at the customer level.

c) **Tangibilise the Service Offer-** Compared to goods, services are difficult to evaluate. A customer can satisfy his curiosity by picking up clues from the tangibility of goods-like size, packing, colour dimensions. The abstract nature of services hinders the customer's search and evaluation process by which he reduces uncertainty and risk inherent in any purchase decision. Although services are intagible, they are always associated with tangibles,like equipment, services provider, establishment. Customers use these surrogates for evaluating various service alternatives and forming an opinion about the nature of service products. Tangible clues are what allow the detective in a mystery novel to surmise events at the scene of crime without having been present when the crime was being committed. In the same fashion customers make their choice about services by observing the evidences that surround the service and picking and choosing what they think is a good 'package'.

Thus providing tangible clues or evidences in advertising will go a long way in easing customer resistance by letting him evaluate the risk and uncertainty involved. Service advertising should focus on the tangibles that are employed in service generation. "Effective service representation appears to be turned 1800 away from abstraction. The reason for this is that service images and even service 'realities' appear to be shaped to a large extent by things that the consumer can comprehend with his senses-tangible things[1]."

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[1] Shostack, LynnG., "Breaking Free from Product Marketing", Journal of Marketing, April 1977, page-73.

d) **Make the Service Easily Understood-** Another challenge posed by the intangible nature of service is that service offers are often difficult to grasp mentally. Describing or presenting the 'abstract' in advertising is a creative challenge for the advertiser. It is difficult to translate an 'experience' into meaningful terms which would be comprehended in the intended manner by the prospects. "The service advertiser...is often left with describing the invisible, articulating the imaginary and defining the indistinct[1]."

Making the prospects understand as to what service product holds for them is another demand on advertising of services. Here again, tangible clues can be very useful. Advertising can feature those tangible known to the customers that come very close to possessing the same symbolic meaning that service seems to offer. Insurance companies offer 'protection', the message is very effectively communicated by the image of a lamp placed in the protection of palms. 'The moving dart' of Blue Dart Express communicates the movement or the speed, which is the essence of the service of a courier company. The headline 'we have people who check the people who check your aircraft' reflects the thoroughness with which the aircraft are prepared for flight to ensure maximum safety.

e) **Maintain Continuity in Advertising-** These are numerous ways in which a goods marketer can differentiate his product from that of his competitor. The marketer can utilize tangible dimensions in order to achieve differentiation. Brands are used to give a product a separate identity. Packaging can make a product 'not look alike'. Goods advertising is largely about featuring the product in the commercial as the 'hero' and associating it with various form of symbols and images.

Services can not be featured in advertising. Therefore, achievement of differentiation is not easy in services. Banks provide more or less uniform service, so do the couries. However, a service manager can differentiate his service from others by creating an inseparable association with certain symbols, themes or formats. It requires continual use of advertising for a period of time that

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[1] Stephen, Unwin, "Customised Communications: A Concept for Service Advertising", Advertising Quarterly, Summer 1975, page-28.

is long enough to develop a strong service association with the desired 'meaning'. A study of advertising themes used by service organizations revealed that 'status', 'prestige', 'efficiency', 'progressiveness' 'importance', and 'friendliness' are the commonly used themes. Most of the service organisations' studies attempted to build their service offer around at least one of these themes[1]."

(f) **Promise What Can be Delivered-** Good markers are better placed in delivering the 'promised' in advertising. Standardisation allows this. However, services tend to be labour intensive and their output is variable. Therefore, when making promises in advertising about the service offer, utmost care and prudence must be exercised.

The service marketer should not promise a performance level that is excellent, but occasionally delivered. On the contrary that performance level should be promised which is in the realm of general standard prevailing in the firm so that the possibility exists of a pleasant shock. It is better to foster realistic expectations than unrealistic ones. Promising a service whose delivery is exceptional rather than the rule will lead to a mismatch between the customer expectations and the services delivered, creating a dissatisfied customer.

PLACE

Place decisions include a variety of decisions required to be taken in order to make the goods available to consumers. In order to bring the products to the customer, the marketer has to work with distribution channels, i.e. the interdependent set of organizations which are involved in the process of making the goods or services available. Channel decisions pertain to issues like channel level or length, channel design, selection, motivation and evaluation. They also include physical distribution decisions. Though channel decisions are of as much importance in services as in goods, yet so far they have not been much explored in the context of services, and related knowledge continues to be biased in favour of manufactured goods.

CHANNELS IN SERVICES

Service marketers, like goods marketers, also have to handle distribution channel problems. They too have to make their services available to target customers,

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[1] Stephen, Unwin, "Customised Communications: A Concept for Service Advertising", Advertising Quarterly, Summer 1975, page-28.

because without service availability, its marketing can not take place. For reasons of overwhelming bias of channel experience in the context of goods, service marketers often unsuccessfully attempt to transplant goods channel solutions to service channel problems.

Service characteristic limit the application of channel know-how and warrant adaptations to cope with the special problems. Service are intangible, often inseparable from provider and can not be stored or transported. That being so, unlike goods they cannot be produced in one place and transported to another for sale. Therefore, services must be sold at multiple outlets which combine promotion and production activities. Fast food restaurants, banks and hairdressers can be cited as example[1]."

There are two critical issues that must be sorted out while evolving the distribution channels for a service. These are : first, the channels through which the services will be provided and second, their location.

SERVICE DISTRIBUTION CHANNELS

A distribution is a set of interdependent organizations involved in the process of making a product or service available for use or consumption by the consumer or industrial user. It refers to the sequence of intermediaries involved in moving the product or service from the producer to the consumer. A marketer may choose either direct marketing or long channels of distribution. In direct marketing , no intermediaries are involved and the manufacturer sells directly, while in long distribution employment of intermediaries is very common, but some firms do market their products directly.

The inseparability of production and consumption and perishability of services do not permit free use of intermediaries. Most services, therefore, tend to rely on direct marketing. But in some cases intermediaries are also employed. It is, however, not to suggest that channels are not used in services. The diversity of services does not permit easy generalizations. It is often stated that services are marketed through short channels. This may be true relative to the marketing of goods, but length and complexity of channels vary from service to service[2].

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[1] Upah, Gregory, "Mass Marketing in Service Retailing: A Review and Synthesis of Major Methods", Journal of Retailing, Fall 1980, page-60-61.

[2] Rathmell, John, Marketing in the Service Sector, Cambridge, Mass, Winthrop, 1974, page-104.

DIRECT MARKETING

Direct marketing is a situation when the manufacturer sells his goods or services directly to consumers. In direct marketing channel, no middlemen are involved at the intermediary levels. In some services, the inseparability of service and provider forestalls the use of intermediaries. The service exchange takes place directly between the provider and the consumer. The case in point includes hairdressers, beauticians, domestic services, counselling, surgery services, consultants, entertainment. Direct sale of service can be accomplished in two ways: the consumer may go to the service provider, as in case of hairdressers; or the service provider may come to the consumer, as in case of mobile retailers, domestic services, plumbers, etc. When direct marketing is a compulsion rather than a choice , the service marketer may face the problems of coping with high workload and limited market coverage.

SELLING SERVICES THROUGH CHANNELS

The intermediaries involved in service channels are generally the agents and brokers. The major task of these middlemen is to bring the service provider and consumer together so that the services exchange takes place. Many service firms are represented by agents. These include hotels, motels, airlines, travel and insurance companies, music groups, and performers. Also, agents may represent the buyers, e.g. a travel agent may represent tourists in hotels.

The tasks or duties performed by the service middlemen, i.e. agents and brokers, tend to vary from service to service. Unlike goods where the agent's functions are well defined, service agents may be involved in 'selling' in one case, and product development in the other; e.g. an insurance agent primarily sells insurance whereas a tour and travel agent may actively contribute to the product package development.

FRANCHISING

A growing number of services are now distributed through a fast emerging channel arrangement called franchising. A franchiser links several stages in the production-distribution process. Franchising is a contractual arrangement between the manufacturer and an independent organization in which the latter is given a number of rights, including the right to use name, know-how, techniques, products, trade marks, logos, equipments, etc. In the recent years, franchising has become the fastest growing

form of retailing. A variety of services have been distributed through franchising, including fast food restaurants, tutorial bureaus, computer schools (NIIT), beauty saloons, nursing homes, retailing, dry-cleaning services, motels, travel agencies and fitness centers.

The franchiser is generally given initial payment in the form of a fee. He also gets royalty on sales, fees for equipments and a share of the profit. A contract—known as franchise agreement—is generally executed, specifying a number of terms including the amount of investments, training., coverage area, procedures, and other rules and regulations.

LOCATIONAL ISSUES

Service location is an important consideration because if services are not conveniently locate the consumers would turn to rival service providers. This is particularly true when the services are homogeneous. It is for these reasons that banks, dry-cleaners, repair garages, etc. tend to be located in close proximity to the market. The service marketers face the same challenges as the goods marketers in respect of locating their services.

There are two important decisions which need to be taken in the context of service location. **First** is the location selection. It is a macro decision involving the choice of appropriate country, regions within it, and community (with in a region, state or city) for locating the service unit. **Second**, the site selection. It is a micro decision regarding the specific property or properties on which the service will be established[1].

The selections location and site for a service depends up on a number of factors and trade offs among benefits and costs[2].The critical factors affecting the location decision, vary from one service to another.(As shown in Table-2:5)

[1] Murdick, Robert G., Barry Render and Roberta S. Russel, Service Operations Management, Boston, Allan and Bacon, 1990, page-140.

[2] Ibid

Table-2:5

CRITICAL FACTORS AFFECTING CHOICE OF LOCATION	
Critical Factor	Services
1.Convenience	Retail stores, health centers, banks, repair services, theatres, personal care.
2. Cost operating	Specialty shops, Wholesalers, Clerical services.
3. Proximity with competition to share	Furniture, fast food, antique shops, tailors, designers.
4. Support system availability	Hotels, jewelers, tourism.
5. Geographic or environmental factors	Beach resorts, ski resorts.
6. Business climate	Insurance companies, private Educational institutions, gambling Resorts.
7. Communication networks	Banks, financial services
8. Transport facilities	Mail order houses, couriers, Warehouses.

PEOPLE

The importance of people in the organizations can not be undermined. In the goods manufacturing organizations, the personnel perform their duties in the factories, away from customers. In service, the personnel work in service factories but with a difference, i.e. here they come in contact with the customers in the course of production and consumption of services.

PERSONNEL ARE THE KEY TO SERVICE EXPERIENCE

Generally, goods customers are divorced from the factories. There may be a distance of space or time. In services, on the other hand, the customers have to come in contact with the service providers. This physical proximity and interaction is often the key to the service experience . A service firm may possess all necessary competencies to produce the right kind of service, but in the absence of appropriate interpersonal experience, the customer, would have a negative perception of the overall service quality. It is , therefore, essential that a great amount of attention be paid to personnel in service business. In service business, the personnel are carriers of total organizational realities.

Through interaction with them, the customer forms an opinion about the organization. "If the service personnel are cold or rude, they can undermine all the marketing work done to attract customers. If they are friendly and warm, they increase customer satisfaction and loyalty[1]."

It is, therefore, essential that personnel, especially the customer services personnel, perform their jobs efficiently and effectively. Often, service firms develop technical competencies of the personnel and invest a lot of money in the facilities that are essential to produce services. In spite of such efforts, these firms fail to provide satisfactory customer service because of their inability to manage customer-personnel encounter. It is because of these reasons that uncaring salesmen, ride bank employees discourteous service people in restaurants, unwelcoming receptionists, indifferent beauticians and hairdressers are found in service organizations. What is ,therefore, required is to go beyond the traditional notion of training of employees. Service marketers need to develop a high level of inter-personal skills and customer-oriented attitude in employees for the simple reason that employees in service are key to the service experience. "Employee behaviour is often an integral part of the service product. This is not true in a manufacturing operation, where employee bahaviour may affect product quality, but is not a part of the product[2]."

TYPES OF SERVICE PERSONNEL

The personnel in a service organization could be classified on various bases. One such classification is based on the background and the level of service provided, i.e. professional service employees and consumer service employees. The professional service employee refers to lawyers, doctors, management or engineering consultants, advertising executives. These people possess high qualification, have high level of perceived status and occupy desirable positions with a very high potential earning capacity. On the other hand, consumer service employees are found in grocery, clothing and other retail stores, restaurants, delivery services, etc. These personnel provide relatively standardized services, are low on mechanical skills and education, but

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[1] Kotler, Philip, Marketing for Non-Profit Organizations, Englewood Cliffs, N.J., Prentice Hall, 1982.
[2] Sasser, Earl W., R. Paul Olsen and D.Daryl Wyckoff, Management of Service Operations: Text, Cases and Readings, Boston, Allan and Bacon, 1978, page399.

higher on task-based skills. The consumer service personnel must interact with public. Therefore, they require some degree of inter-personal skills.

The other bases on which service employees can be classified include salaried and hourly based, blue colour and white collar, or skilled-semiskilled-unskilled. Each group of employees poses a unique form of human resources management problems in terms of recruitment, training compensation and motivation.

Since customer contact is a vital determinant of the quality of service experience, the classification from marketing view point would be the customer contact and non-contact employees. Customer contact employees come in contact with the customer in the process of service provision. These include waiters, bearers, receptionists, bank clerks, air hostesses, and sales personnel. The employees who contribute to service production but do not come in contact with customers include non-counter employees in banks, cooks in restaurants, cockpit crew in airlines, non teaching staff in an education institution. The non-contact employees could be managed in the same fashion as in manufacturing organizations. For them, task competence is of paramount importance. Customer contact employees are of special importance in service organizations, for they have direct bearing on customer service experience. However, organizations may vary in terms of the degree of the employee-customer contact.

HIGH CONTACT, LOW CONTACT ORGANIZATIONS

One way of looking at an organization is the extent of customer contact required for the creation of a service. Classifying organizations in terms of the services they provide offers little insight into the nature of operating requirements of the service system. Customer-contact refers to the physical presence of the customer in the system. The extent of contact refers to the percentage of the time a customer ought to be in the system out of the total time it takes to serve him. In high contact services, the customer interacts for a longer time with the system compared to low contact services.

The low contact services include banks, post offices or retailing. And the high contact services, include motels, hotels, educational institution, restaurants, and hospitals. This classification of services offers a number of marketing insights. In simple terms, services with high contact are more difficult of control and manage because a longer customer contact is more likely to affect the time of demand, and nature of service

and its quality; whereas in low contact services such contact has much less impact on the service.

In high contact services, the required skills of the personnel are characterized by the public relations components. " Any interaction with the customer makes the direct worker, in fact, a part of the product and, therefore, his attitude can affect the customer's view of the service provided[1]."Therefore, the high contact personnel must be dexterous in public relations and inter-personal skills, and low contact personnel must have high technical and analytical attributes.

SERVICE PERSONNEL

Personnel in the service firms need to be purposefully managed to extract the best performance out of them. No organization can thrive on the strength of equipment alone. The real propellers of an organization are the personnel, because it is they who are the fountainhead of imagination and creativity. The following tips regarding personnel management that every service marketer must keep in mind :-

The Right Person for the Right Job- In services, there is the same need to place the right kind of person in the right kind of position as in manufacturing organizations. Perhaps it is even more important to have the right man in the right job in a service organization. The personnel requirements in a service firm may include skilled, semi-skilled, unskilled worker to highly qualified technical personnel. In contrast to the prevailing notion that services rely on buy and large, unskilled workers, the demand for specialised staff is steadily increasing. Advertising agencies, consultancy firms, tour operators, hotels , restaurants, and hospitals greatly vary in terms of their personnel needs and competencies. It is the task of the management to place the right person in the right position.

Train them for Performance- The training of personnel needs to vary from level to level and service to service. In order to upgrade the employee's performance on a job, training is required. It is a method of enhancing the job skills. That is why many restaurants and hotels have their in house training schools. The International Holiday Inn chain has its own Holiday Inn University. In India, the Oberois have their own training

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[1] Chase, Richard B., 'Where Does the Customer Fit in a Service Operation?' Harvard Business Review, Nov-Dec, 1978, page-13-18.

school. The training may focus on a particular skill that make the service distinctive from others. In service firms especially in high-customer-contact ones, the training must hone employee skills necessary for managing relationship with customer.

Selling Jobs within the Company- Outstanding service comes from outstanding employees. "In the service business you can't make happy guests with unhappy employees[1]." Most exceptional performers in service business exercise extreme care in fulfilling the needs of the employees before they go on to sell services to customers. Like outside customers, the needs of internal customers, i.e. employees, need to be taken care of . If employees are skeptical about the jobs they perform or find them unacceptable for some reasons, they may be reluctant to sell services to customers, thereby, resulting in poor service quality.

"The successful service company must first sell the jobs to its employees before it can sell its services to customers." Selling jobs is particularly crucial in high contact services because the employee performance has a direct bearing on the service quality. The jobs should be viewed as internal products which should be designed and adapted to the needs of the internal customers. It is here that human resource management assumes importance. A complete congruency should be maintained between the demands of the job and the need which the employees expect to satisfy, both , for the new and existing employees. Charity begins at home, and it is by talking care of the needs of the internal customers that an organization can develop its competence in satisfying and serving the external customer better.

PHYSICAL EVIDENCE

Physical evidence is yet another marketing tool available to the service marketer. The service firms must consciously make efforts to manage the physical evidence associated with their services; it is crucial for winning service customer because the customer judges the service quality through the process of deduction.

WHY MUST IT BE MANAGED

The goods marketers have discovered the potential of packaging. Many marketers call packaging the fifth *P*. From being a passive function, packaging is

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[1] Hostage, G.M., 'Quality Control in Service Business,' Harvard Business Review, July-August, 1975, page-99.

increasingly coming to be used as a marketing tool. It works as a 'silent salesman'. Proper product package can, and does, attract customer attention, describe the product features, give the consumer confidence and make a favourable overall impression. It is for its versatility that packaging is assuming a greater role in product strategy of consumer goods marketers. Packaging importance stems from the fact that it is what comes in between the product and the customer's eye. The product package is a visual representation of the whole marketing efforts. It can make or mar a sale, for the customer's judgments and evaluation are often based on the product packaging. Physical evidence is to a service what the produce package is to a product.

In services, the product itself being intangible, the need is to tangibilise it as far as possible. Thus, physical entities can be successfully employed to describe the service product and its distinguishing qualities. Since the potential customers form impressions about the service organizations on the basis of physical evidence, like building, furniture, equipments, stationery and brochures, it becomes imperative that the marketer manages the physical evidence in a manner that reinforces the proposed position and image of the organization.

Many service marketers who continue to look at service operations through product-oriented glasses fail to realize the marketing potential of physical evidence. Their unilateral efforts to improve service product fail to make impact in the market because the physical evidence continues to communicate to opposite image. A service firm's advertising, service facilities, décor, atmosphere, layout , or employee uniforms are tangible, and must consistently reflect and reinforce one image. "Because of product marketing's biases, service marketers often fail to recognize the unique forms of evidence that they can normally control and fail to see that they should be part of marketing's responsibilities."

EVIDENCE TYPES

The physical evidence associated in a service firm can be broken into two categories: dominant and peripheral. The dominant evidence are the ones which constitute a dominant part of service facilities. For instance aircrafts in airlines, hotel, building and interiors, bank building and interiors, cars and office of car rental company, campus of a university, office and furniture in a consultancy firm. The peripheral

physical evidence are not very visible in relation to dominant physical evidences. But no matter how small and trivial, they do have an impact on customer perceptions about the nature of service. The peripheral evidences include letter heads, cheque books, stationery, cinema tickets, pens, match boxes, notepads, etc. The peripheral physical evidence are often ignored for their triviality, but in reality they are the real source of competitive differentiation. The service marketer must coordinate both types of physical evidences to achieve uniformity in its projected service image. The airline, for example coordinate both, their peripheral and dominant physical evidences such as plane, plane décor, advertising, cutlery, food and beverages, hostess uniforms, and logo to create the desire image of excellence in service and concern for the comfort of its clientele.

PROPER SERVICE ENVIRONMENT

Service environment refers to the context in which the service is performed. It consists of small and big elements required in the creation of service facility, including, floor, floor covering, land, equipment, furniture, fittings, indoor plants, suppliers, furnishings, signs, etc. The creation of service environment must not be left to chance. The designing of service environment should be a deliberate exercise because it has tremendous power to communicate about the nature of service product.

The environment is important because it has capability of sending silent messages. The interior design of the office may send signal about prosperity, modernity, tradition, and innovation. Grindlays Bank changed its interior to a new, non-bank-like design to suggest pleasure in banking. It is due to the critical role that service environment plays in creating and communicating the corporate image that the demand for exterior, interior, graphics, and layout designers is increasing.

PROCESS

Service production and delivery involves a process of operations performed, utilizing materials, equipments, and personnel. The process by which the service is produced and delivered is critical to the success of service operations. In fact , service are essentially processes which are marketed. An airline markets the process of transportation, and a restaurant's product is the process of meal preparation. Service marketers differ from their goods counterparts in that the process is inseparable from the customer. In goods, the process of manufacture takes place in factories in the absence of

customer. But the service customer often visits service factories and becomes a part of the production process. Because of inseparability of production and consumption, the customer is subject to direct experience of production process. The design implementation and control of service process is critical to the service experience.

INTEGRATING MARKETING WITH OPERATIONS

Many top managers continue to view marketing as a function. This narrow vision of marketing is reflected in water tight compartmentalization of various functions and an inability to see beyond narrow departmental concerns. Consequently, everyone looses sight of the customer. In fact 'marketing is too important to be left to the marketing department.' The whole organization must think customer.

The service firms are often characterized by missing links between marketing and operations. Going by the importance of marketing, operations and marketing must work together to design and deliver customer satisfying services. The customers of services not only attach importance to service product alone; how service is delivered also determines their satisfaction. The poorly designed service process leads to poor quality. Effective marketing must communicate the customer concerns to production and vice versa. Banks, restaurants, fast food joints repair shops, retailer are often victims of poor process planning for their operations continue to focus on aspects that come in conflict with customer needs. The bank cashier may be very dexterous in cash management, but poor on warmth in dealing with the customers.

DECISIONS IN SERVICE PROCESS PLANNING[1]

A service system makes use of various resources such as materials, equipment and people. The major decisions in the area of service process planning pertain to primary technological process, material and conversion process, equipment, process flow for conversion , employee skill and job and content, site location and selection, buildings and facilities, facility layout and organizational structure. The following table gives a synopsis of decisions that a marketer is called upon to make in process planning in a service organization.

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[1] Murdick, Robert G., Barry Render and Roberta S. Russel, Service Operations Management, Boston, Allan and Bacon, 1990.

Table-2:6

DECISIONS IN SERVICE PROCESS PLANNING	
Decision	**Explanation**
Primary Technological	Resolve issues about technology availability and development necessary to make and deliver the service product.
Conversion Process	Make a choice on material conversion process among the available alternatives, e.g. information to a customer can be transferred by courier, facsimile transfer, electronic transfer. Regard must be given to cost, timeliness of delivery, quality of service, ease of using technology and customer preference.
Specific Equipment	Appropriate equipment should be selected after having evaluated its usefulness, ooperating cost. Compatibility, operators' requirements, spare parts, maintenance, etc.
Process Flow	It combines the above two decisions. It is sequencing of operations performance by men and machines. Generally, flow charts are used in developing process flow.
People	Man power requirements should be assessed realistically, and right people with right experience and skill should be placed in the right jobs.
Service location	Delivery of a good service product calls for a good location, and it becomes important to select an appropriate site for the service outlet.
Facility Layout	It requires arranging physical component of the service system in a manner that space is utilized maximally, movement is reduced, and it provides for customer convenience and a good work environment. It includes product process and office layout.
Organisation structure	Decide on standardization, formalization. Specialization, centralization, etc.

The marketer must fully understand the type of process employed in the service production and delivery system. The choice of the system would, in turn, have implications on equipment selection, manpower requirement and layout. There are two

types of processes which are of interest to the manager of service operations: lines or flow operations, and job shop operations.

Line operations generally adopted generally adopted in the manufacture of goods is called the assembly line. It is the arrangement of operation or activities in a sequence. For example, in automobile industry, the unfinished structure from chassis on wards moves on a conveyor and passes from one shop to another in a predetermined sequence until it is 'finished' into a complete automobile. In services, fast food restaurants typify the line operations. The main feature of this system is the logical sequencing of activities that are necessary to create and deliver a service. The customer may himself move from one operation to another (counters in a fast food restaurant), or he may remain stationery but operations are performed one after another (patient in a hospital room). Since in this type of process the output of one operation is the input of the next, utmost coordination in speed is necessary for a smooth operation. Also, the system is inflexible in so far as demand fluctuations are concerned. Line processes are most appropriate for continuous operations involving production of standardized output (pizzas, burgers, foot longs), as in case of fast food restaurants handling large volumes of customers.

The job-shop process is appropriate for customized delivery of services. The examples include regular restaurants, repair shops, tailoring houses and management consultants. In a job shop, the combination of activities and their sequence is determined by the kind of assignment in question. This process is characterized by high flexibility terms of variety of services. Since the number of tasks/activities tends to be large with less frequency, job shops tend to be labour intensive. There is limited scope for substitution of capital for labour. The employees are trained to perform a variety of jobs (in auto repair, restaurant), therefore, it limits the employment of specialists. The service manager generally is confronted with a challenge of making a choice of appropriate service production and delivery process. It is a very critical question. The answer to this lies in the implication that a particular process would have on the cost of operations, customer service and quality of service product.

CHAPTER- III

MANAGEMENT OF SERVICES MARKETING

- PROCESS FOR SERVICES MARKETING
- MARKETING PLANNING PROCESS
- MATCH DEMAND AND SUPPLY
- HUMAN BEHAVIOR

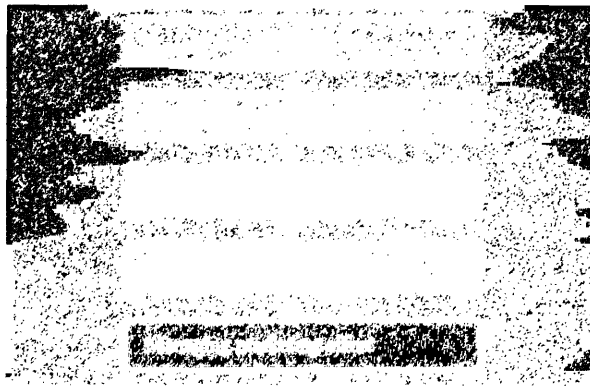
CHAPTER III

MANAGEMENT OF SERVICE MARKETING

PROCESS FOR SERVICE MARKETING

Service marketing management represents marketing concept in action i.e. a preplanned demand management under consumer oriented marketing philosophy. Service firms need to think more consistently in marketing terms and the marketing concept. The service firm must be customer oriented and must develop a competitive marketing strategy. Their strategy formulation, like that of the product oriented firm consists of two steps : **First-** * Identifying target markets and their needs and **Second-*** Developing a marketing mix that satisfies the unique needs of these target markets. Kotler defines marketing management as "Analysis, planning, implementation and control of programmes, designed to create build and maintain beneficial exchange with target buyers for the purpose of achieving organizational goals". In general terms, the marketing management process is the same in the marketing of services and tangible products as shown in figure 3.1

FIG. 3.1

Process for services

PLANNING

Developing a marketing strategy requires market planning and market planning is usually preceded by market analysis. Before proceeding to develop a strategic plan for a service business, managers should ask themselves the following question:

impact on the overall strategic plan that emerges. The questions are fairly common but the answers for service businesses are often unique.

* What is the specific type of service business ? Although service dominant businesses are different from goods dominant businesses, the nature of the difference depends a great deal on the specific type of service business.

* Who are the customers, how can they be identified, and what benefits are they seeking? As the firm is customer-oriented it must provide the service to match the requirements of the customers. Market segmentation, market targeting and market positioning are the methods used to satisfy the needs of specific groups of customers. The participation of the customer in service delivery process makes this more challenging.

* How can the business be defended from competitors ?

Every firm must consider how it can best enter a market, whether through price, promotion, quality of effort, or some combination of these and the firm must consider how it can build and protect a strong competitive position.

* How can competitive advantage and more cost efficient operations be achieved ?

Most successful firms attempt to be different, to offer something unique through their marketing programme. Also because of the labour-intensive nature of the service business, the firm must explore ways to implement the systems approach into its operation in order to gain economies of scale through division of labour and specialization.

* What efforts must be used to develop and test new product service offerings?

The service oriented firm must pay careful attention to its 'product planning and development' processes because of the difficulty of developing defendable competitive positions and in order to have a balanced assortment of 'service products' to meet expected customer demands.

* What role can be assigned to planning and research ?

Marketing research is generally used in all kinds of marketing situations and has two main purposes- (a) to minimize risk when plans are being made and, (b) to monitor performance after its implementation.

If answers are provided the service-marketing firm is ready to begin the development of its strategic plan. Through strategic planning, the company decides what it wants to achieve through its business based on the marketing opportunities, threats and current marketing situation. The marketing information for planning purposes can be gathered through marketing research and marketing intelligence. The market information is generated within the organisation in respect of operational and control function. The proper collection and dissemination of internal data can provide a constant up to date flow of information which is useful for both planning and control. Market research is that part of the system concerned with the structured collection of market information about effectiveness- such as brand awareness or delivery performance. Marketing intelligence comprises of the procedure and source used by the marketing management to obtain pertinent information about the development in the marketing environment. While market research is more structured and quantifiable, marketing intelligence gathering concentrates on intangible ideas and trends.

ANALYSING MARKETING ENVIRONMENT

Like in product marketing, analyzing market opportunity is to identify target markets and determine the changing needs of customers and their bases for choosing among the many alternatives offered. Consumers usually have complex and sophisticated reasons for a choosing a particular service supplier. Service expenditures are often quite discretionary and can easily be postponed. It is important that service firms understand and identify the various reasons for consumer choice.

Service marketers must determine what specific needs can be satisfied by the type of service offered and what attributes of service offering are considered most important by consumers. Quite obviously, service marketers must also search for and identify needs that are not presently being satisfied. More ever, in the dynamic marketing environment, the service marketer must identify new marketing opportunities, as their present services may not have long lasting market.

Marketing orientation requires organizations to monitor their environment to adjust their offering so that customer needs are fulfilled. The internal environment , which is controllable, is the organizational structure and policies and the manner in which it responds to changing consumer needs.

The immediate external environment includes suppliers and distributors with whom the organization deals directly and also its competitors whose activities would have a direct effect on its market position.

The uncontrollable external environment comprises of all those factors outside the organization, which impinge on its activities:

* Economic factors like inflation, exchange rates have impact on banking services, also on prices set by tour operators for their overseas holidays etc.

* Social factors have an effect on the customers and employees, their attitude to life and their expectations and values.

* Political and legal factors can have an impact on the whole range of organizational activities through tax incentives, privatization/nationalization of industries.

* Finally, technical factors can influence the improvisation of services, e.g. home-banking , barcode scanning in retailing business, etc.

SELECTING TARGET MARKET

The process of identifying and evaluating marketing opportunities gives rise to many new ideas. Each of these opportunities must be studied in relevance to the company's resources. This step involves:

* Segmenting and targeting
* Positioning

Segmenting and targeting- Because service needs in the market place are heterogeneous and because different consumers may perceive the same service quite differently, the marketer may wish to segment the total market into smaller target markets that are characterized by more homogeneous needs. Health clubs and exercise centers will appeal to some users on the basis of improved health and the chances of enhanced well being and longevity. Other may be attracted because of the improved appearance of a youthful, slimmer figure. Service marketers are aware of the fact that no firm can expect to appeal to all groups of customers. Services marketing have virtually reached a stage in its development where it is inseparable from market segmentation. Banks, insurance companies, travel, hospitality sectors have well defined approaches to the segmentation of their market according to customer types.

After examining methods used by the service organization it becomes apparent that demographic variants tend to be most widely used segmentation basis. Age, sex and socio-economic analysis along with geographic location provides useful information for building up the profile of the users of the service. This can be used for targeting purposes in media planning, assisting in new service development, pricing policy and service delivery location. The other segmentation methods are psycho graphic based on personality , attitude, opinions and interest and benefit based segmentation where the company focuses on satisfying the benefits like economy (low price of service).

Once the segmented groups are analysed, the service firm then focuses on meeting the specific needs of one or more market segments. This process is called market targeting. Deciding on which of the market segment to target is a challenging one. The criteria which are used to decide on the target market, are First to see it is profitable and viable to provide service to the segment and Second to see if the customer segment is accessible and large enough to justify the provision of service. The service provider then decides upon the number of segments to serve. The alternatives are :

* Undifferentiated marketing (ignore segmentation) – e.g. mass banking.

* Differentiated marketing (develop different service offers for different segments) e.g. bank products for corporate clients and individual clients.

* Concentrated marketing (to cater to the needs of one segment only). e.g. special agricultural banks or industrial credit banks.

Positioning- Positioning is an equally important part of strategy considerations for service oriented products. It is concerned with the efforts of the firm to develop a clear image of its 'products' in the minds of customers and then to communicate this image to buyers in comparison with their notions or images of other products. Positioning offers some special problems for marketers in connection with services because by their very nature of intangibility and being more subjective than objective. Products that have large elements of both tangible dominant and intangible dominant characteristic are given images that consist of both tangible evidence and intangible image characteristic. In case of products that are largely intangible dominant such as, airline travel, insurance, banking services and the hospitality industry (hotels, restaurant and tourism business), the task is

to take the abstract entity such as taking an insurance policy, a flight from New Delhi to Mumbai, or maintaining a current and savings account, and create a more concrete image of these products.

DEVELOPING THE SERVICE MARKETING MIX

The essence of every marketing strategy is the marketing mix. And in service marketing , the marketing mix, like that for tangible dominant products, consists of product planning and development, pricing promotional activities and channels of distribution and due to its special and unique features, the marketing mix is include 3. Additional P.S. Physical evidence , process and people.

Product- Product in service refers to the activities that a marketer offers to perform which results in satisfaction of a need or want of the target customer. Planning for service product is in many ways similar to the planning of tangible goods, although establishing the nature of service is difficult. The service product consists of – core product, which is the primary benefit the customers seek from the service; and the peripheral services that are the secondary benefits the customer seek. The management often tries to integrate core and peripheral service into a competitive strategy. E.g. accounting firms have added management consultancy to their traditional core offering of accounting service. More ever, since services are intangible the service marketers must tangibilise the intangible aspect. Superior quality, trusted brand image, extended guarantees, courteous staff, prompt service all form the part of managing the service offering.

Price- The price of the service is the value attached to it by the service provider and this must correspond with the customer's perception of the value. Service pricing decisions are made in more varied environment than product pricing decisions. Demand for service tend to be less elastic than for goods, meaning that, as prices rise the consumption of the service will not decrease as fast as goods. The methods of pricing for services cannot be as scientific as those for products. Demand oriented method is difficult to implement because of the uncertainty in projecting service demand. Cost oriented method is more common but this is also difficult to implement because it is hard determine the cost of people based services. In some cases competitor based pricing may be suitable, where the service is price sensitive, for example pricing airlines. Whatever the method of price determination , the price of service usually influences the image. Since services are more

ambiguous than goods, consumer are likely to associate the price of a service with quality.

Promotion- Promotion is used to communicate information about goods and services to target market audience. There is a need to make services more tangible by linking them to objects in promotion. Another important objective of service promotion is to reduce the risk of buying the service. The traditional promotion mix includes various methods of communicating the benefits of a service to potential consumers or advertising , sales promotion, personal selling and public relations. These can best be accomplished by establishing the credibility of the service organization and emphasizing the reliability of the service. Using experts and testimonials of famous individuals, linking the service to some objective source such as a government agency, and using two sided advertising appeals are all means of enhancing the credibility of the service organization.

Place- The place decision refers to the ease of access that potential customers have to a service. They can , therefore, involve physical location decision-e.g. Where to place a hotel, decision about which intermediary to use in making a service accessible to a customer – e.g. Whether a tour operator uses a travel agent or sells its holiday package directly to customers. The simultaneous production and consumption of service indicate that the channel of distribution is generally limited. Franchising of services is growing rapidly especially in the fields of health club, accounting and tax services, restaurants etc. Franchising lends itself to any service that can be standardized- a major problem with heterogeneous services.

People- In any service, it is people who play a vital role in the service encounter. This includes both employees and other customers. The attitudes and actions of the employees can certainly affect the success of the service encounter. It is also likely that the behaviour of other customers, in a movie theatre, restaurant or class room can affect an individual service experience. The importance attached topeople management in improving quality and customer-oriented service is increasing to a large extent. Development of quality circle, empowerment and a service culture organization all prove the above. In services, marketing is every one's job. Thus it is important to have employees with skills, commitment, attitude and ability to use discretion in dealing with customers. This is specially true in those services where a high level of contact with

customers. By adding value in the way the employees perform and by maximizing the impact of their activities, the firm has a competitive edge over the other service companies.

Process- The major objective of marketing is to identify the needs and wants in the market place so that the service may be designed to fulfill these needs. This includes the design of the service process and how the service is delivered. Ultimately, it reflects how all the marketing mix elements are coordinated to provide consistent and quality service to the customer. It is one of the marketing tasks to ensure that the service encounter is a positive one and that the service quality is maintained. Thus marketing must be involved in designing the service process and is often responsible for quality control in services. In order to be effective three steps involved in the process plan to be followed are: **First.** Break down the process into logical steps and sequence. **Second.** Identify those steps which introduce the highest prospect of something going wrong because of judgement, choice or chance. **Third.** Set deviations or tolerance standards for these steps there by providing a performance band for functioning. The above steps will help develop a more consistent and service enhancing process.

Physical Evidence- The intangible nature of service means that potential customers are unable to judge a service before it is consumed, increasing the risk involved in the purchase decision. An important element of marketing mix strategy is, therefore, to reduce this level of risk by offering tangible evidence of the nature of the service. This evidence can take a number of forms. The building and the service environment where the service is delivered are the major evidences of the service nature. A clean, bright environment used in a service outlet can help to reassure potential customers regarding their purchase decision. For this reason fast food and photo processing outlets often use red and yellow colour schemes to convey an image of speedy service. At a simpler level a brochure that describes and contains photographs of important elements of the service product (e.g. A holiday brochure giving pictorial evidence of hotels and resorts) or the appearance of staff (e.g. A tidily dressed ticket clerk for airlines suggests responsibility and professionalism) provide evidence about the nature and quality of service.

MANAGING AND CONTROLLING MARKETING EFFORT

The marketing plan will not be effective unless the organization is equipped to achieve its objectives. The service firm must mobilize its people and resources (money, equipment, physical facilities and technological networks) within the organization to put the strategic plan to work. Ways of involving as many staff as possible in contributing to the process of setting objectives and drawing up plans, is an important aspect of securing willingness, enthusiastic participation in their implementation. This is more so in the case of service firms as large number of staff interact with the customers in the delivery process. Another key issue that relates to the implementation programme is the organizational framework, which includes the marketing function as well as the other management functions. As the marketing function in the service firm cannot be isolated from the other management activities, modern organizational theorists are critical of the physical analogies drawn between organization charts and buildings. Hackett lays out a link of activities that emphasizes on the interrelation of various activities of the organization. These activities can be summarized as follows:

- Customer loyalty drives profitability and growth.
- Customer satisfaction drives customer loyalty.
- Value drives customer satisfaction.
- Employee productivity drives value.
- Employee loyalty drives productivity.
- Employee satisfaction drives loyalty.
- Internal quality drives employee satisfaction.
- Top management leadership underlies the chain success.

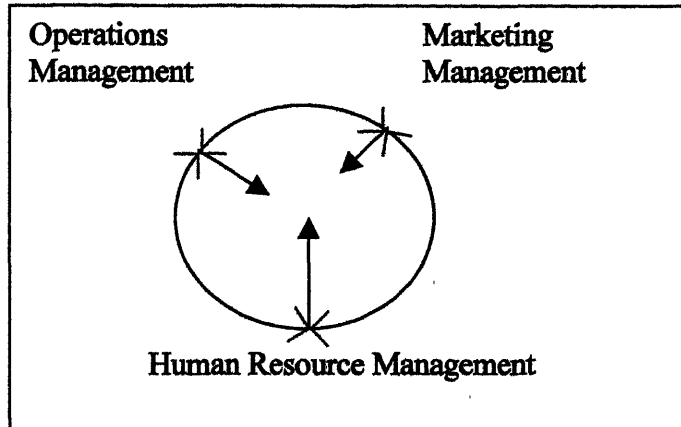
This interdependence between marketing , operations , and human resources is termed as service management trinity as shown in Fig. 3.2.

Services are much more difficult to evaluate and control than products because of the variability in the service performance. There are two essential requirements which help to improve the service managers' ability to evaluate and control are:

- To minimize performance variability by motivating service providers and

➢ To obtain feedback from customers regarding their satisfaction with the services provider.

Fig. 3.2

The Service Management Trinity

One of the strategies to control service performance is by establishing customer service divisions which managers try to establish clear standards for performance, defining goals for service personnel and specifying the means to attain these goals. Equally important is the need for systematic feedback from customers. Hotels, airlines and other service establishment encourage customers to fill out questionnaires rating the service facilities and the personnel. At least three different forms of controls can be identified in the control system.

1. Performance Control : It is also called as the annual plan control. This is designed to make sure that the organization meets its set targets. The normal targets identified in the marketing planning are, sales, market share, return on investments, quality etc. The task is divided into four major steps. First the management must state well-defined plan for each month , quarter or any fixed period. The management must then, in the market. Third management must determine causes for any serious gaps in the performance find ways to measure its performance. Finally, management must decide on the best corrective action to close the gaps between goals and performance.

2. Profitability Control : It is a tool used to measure the profitability of various service products, or customer groups. It measures profitability of different marketing activities. It

is concerned with finding means of reducing costs or to make the organizations more efficient in its operation.

3. Strategic Control: Marketing is one of the major areas where rapid obsolescence of objectives, policies, strategies and programmes are possible. From time to time, it becomes necessary to look at the total process by which the management system is undertaken in the company, in order to judge whether the organization is taking advantage of the marketing opportunities open to it. This periodic assessment of its marketing activities is done through a control instrument-marketing audit.

The following figure presents the marketing management process and the environmental forces that affect the company's marketing decisions.

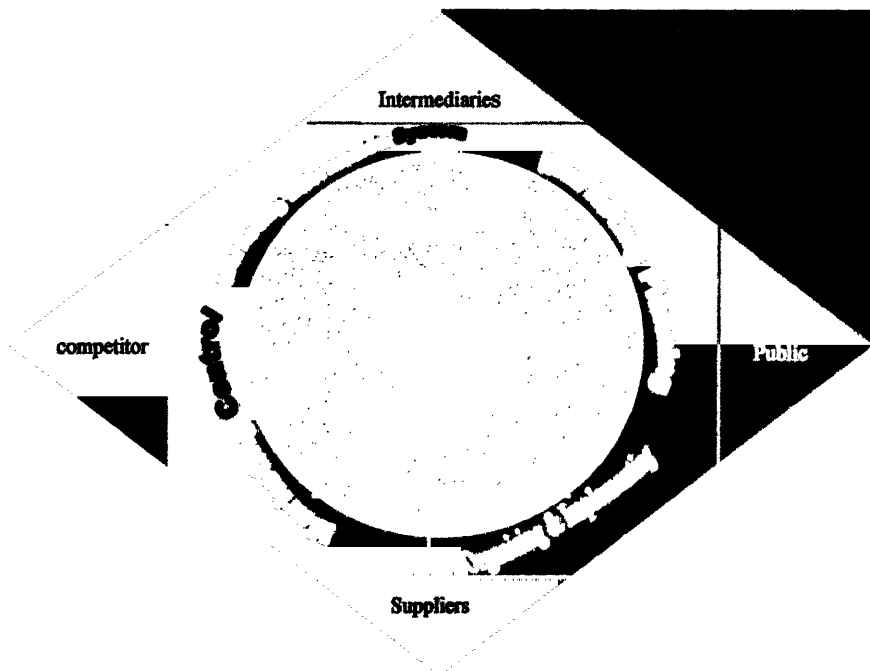
Fig. 3.3

Factors Influencing Marketing Management Process

Intermediaries

competitor

Public

Suppliers

MARKETING PLANNING PROCESS

Planning is the first step in the management process. It is rational approach to accomplish an objective. It provides an integrated and coordinated effort. Intangible dominant products/services require some special consideration in terms of

marketing planning and strategy formulation. Strategy is a major comprehensive plan of action. In service enterprises, managers need to think creatively and the key to creative thinking lies in strategic planning. Much of the service planning process is similar to product planning process which includes an selecting and implementing a marketing plan, but with slight modification to adopt to the unique features of services.

In term of Philip Kotler- "Strategic planning is the managerial process of developing and maintaining a viable fit between the organization objectives and resources and its changing market opportunities. The aim of strategic planning is to shape the company's business and products so that they combine to produce satisfactory products and growth". According to him strategic planning must be carried out right from the corporate level- which is to guide the whole plan for achieving its objectives in the market. The basic idea of corporate strategic planning is to provide a framework within which a whole range of more detailed strategic plan for various functions can be developed.

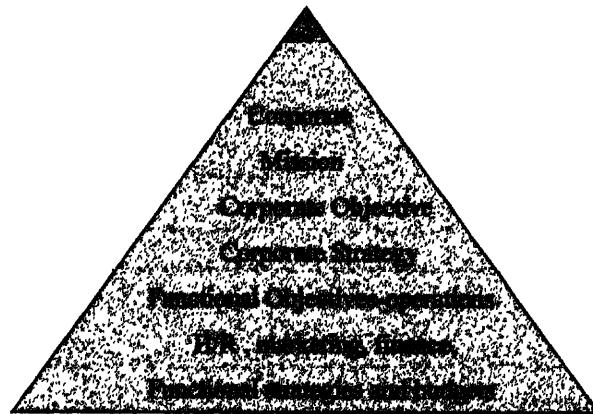
STRATEGIC PLANNING PROCESS

Strategic planning involves: Defining the company's mission or purpose- also termed as service vision.

- Set the organization objectives based on the mission.
- Specifically develop a strategy that will fit the organizational goal, resources and marketing opportunities.

At the highest level is the corporate strategy, which is the long-term plan for the success of the enterprise. Larger organizations consist of a number of businesses which are called Strategic Business Units which are effectively self contained, serving a particular market with a limited range of service. The next level of strategy concerns the various functions within the organization or the strategic business units. These functional strategies which support the achievements of the organisationl plan include functions like- operation, human resources, marketing , finance etc. Figure 3.4 shows the hierarchy of objectives and strategies in the strategic planning.

Fig. 3.4

The hierarchy of Objectives and Strategies

1. **Defining Organization Mission-** With out a clear understanding of the organization mission and objectives marketing activities cannot be coordinated and implemented successfully. Every organization requires to define the purpose for which it is existing, what business they are in and who are their customers. The corporate mission defines the basis on which the entire-business is carried out and also where it is 'going' in the future. These mission statements are also called the vision statement or corporate philosophy. Service managers need to define their businesses in terms of the needs they fulfill rather than the products they produce. This gives a broader framework within which the objectives are set. A well defined mission statement helps to channalise the efforts of the employees. This will be helpful in building internal marketing- the key to success of service firm. The mission statement should reveal the following facts:-

- **Purpose:** the reason for the existence of the organization.
- **Strategy:** the nature of the business and the achievement of competitive advantage.
- **Standards and behaviour:** norms and rules about how things are done.
- **Values:** the beliefs and principles that lie behind the standards.

While writing out the mission statements some factors keep in your mind were as follows:-

- To understand that the business of the service organization.
- The mission statements must be broadly defined.

- The audience for the mission statement should be considered carefully.
- To be market oriented rather than service oriented.
- Should be unique to the service firm.

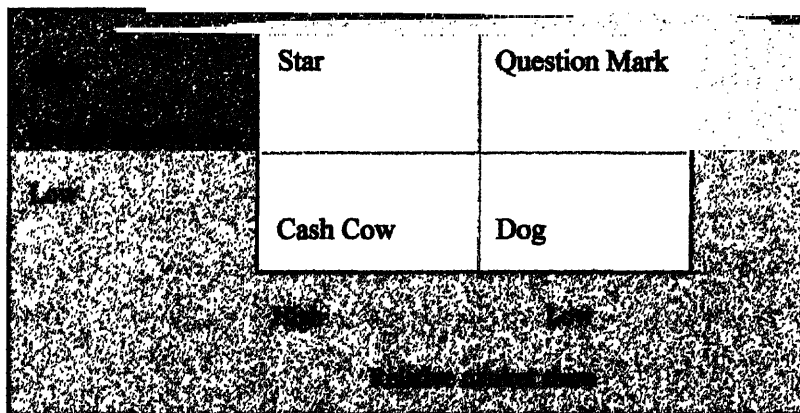
Once established the mission should not be susceptible to frequent change, because what the company wishes to become should remain more or less the same. The exception to this rule is if a fundamental change takes place, such as a new technological development that renders the company's current technology redundant, or a new strategic direction is determined. However, the mission statement should be re-examined for its relevance on a fairly regular basis.

2. **Setting Organisational Objectives-** After defining the corporate mission, the vital task of setting objectives begins. As these mission statements do not contain any quantifiable information, it cannot be operationalised. For this purpose, objectives need to be set. The objectives are quantitative statements and in most cases will be in terms of profitability or return on capital invested for these measures are universal yardsticks for organizational efficiency. At the same time some objectives that are based on quality may not be quantifiable. For example, if a hotel decided that one of their objectives is to provide the best bedrooms in the area , in such a case, it would have to spell out the criteria by which it is expected to be judged. Objectives add to the purpose within an organization and focus the efforts of the manager. They help to achieve consistency in the decisions made at different points within the organization. Objectives also allow effective control by setting a target. Organisations may have a variety of objectives as Profit objectives that feature prominently in the hierarchy of objectives. Growth objectives, especially in those industries operating in rapidly expanding market. A technical objectives, mainly in those firms in which technology is an important element in gaining competitive advantage. Sales and market share objectives , in cases of growing and mature products and Quality as service objective.

3. **Designing the Strategy -** These objectives form the grounds on which the service firm determines what collection of business and service products fits the company's resources against the external factors of the environment. Designing the strategy involves two major decisions:**First.** Analyse the current business portfolio and decide which business should receive more emphasis and resources and **Second.** Develop

growth strategies by adding new products or business to the current portfolio Many service organizations have different and diversified businesses. For example, in the financial sector, banks have wider range of business activities like-investment banking, retail banking, corporate banking, rural banking etc. As most markets change to some extent over a period of time, the services may not match the customers' needs, organizations seek to manage their growth in a manner that maintains a portfolio of activities. Risk spreading is an important element of portfolio management. One commonly used framework for analyzing business portfolio is the Boston Consulting Group- Market share/ Growth matrix. The framework was originally developed as measure of bringing about a more rational basis for allocating funds, focusing on business generation and funds allocation in response to the challenges of a dynamic competitive environment. In the Boston matrix, relative market share is shown moving from high to low on the horizontal axis, while market growth rate moves from high to low on the vertical one. The matrix denotes four categories of products as shown in figure 3.5.

Fig. 3.5

BCG Matrix

- Stars are services with high market share and high market growth. They are probably new products in the market that is fast growing. They use as much cash as they generate.
- The question mark or problem child denotes a product that has a low market share but high market growth. This could be a product that has not yet reached a dominant position in the market.

- The cash cow has a large market share but low market growth. Here there is reasonable stability with a lot of cash being generated but little being used.
- The dog has a low market share with a low market growth. It has no real future and is drain on cash.

Having identified where the different elements of the firm's portfolio fits into the matrix, effective portfolio management is about using any surplus cash from the cash cow to invest in stars. Additionally, some surplus cash should be invested in a selected number of question marks which may prove to be stars of the future. Similarly, investing in stars will lead to the development of future cash cows. A balanced portfolio comprises of a large number of new products for which major cash generators should emerge, sufficient mature products to generate cash to finance future growth products and a sensible approach to delete products which have become a cash drain on the company. Many service firms have made attempts to apply to their organizations.

Another approach towards growth strategies is Product/ Market Expansion Grid Proposed by an off. There are four possible growth strategies that are identified in the matrix. The four growth options are associated with different sets of problems and opportunities for the organization. These relate to the level of resources required to implement a particular strategy and the level of risk associated with it. The four options of growth strategy are: (Figure 3.6)

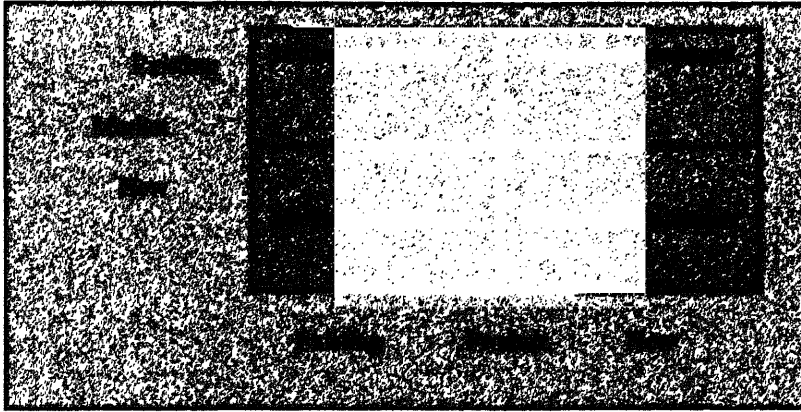
(a) ***Market penetration*** : this strategy focuses on the existing products in the existing target market. This can be done by reducing the price or through aggressive marketing policies.

(b) ***Market development*** : in this strategy the service firm seeks to find new groups of customers for their existing product range. This is done by expanding its sales in new geographical regions or customer segments.

(c) ***Product development*** : an alternative strategy is to sell the new products for the existing markets. This is done by modifying the current service to suit the needs of the existing customer segments.

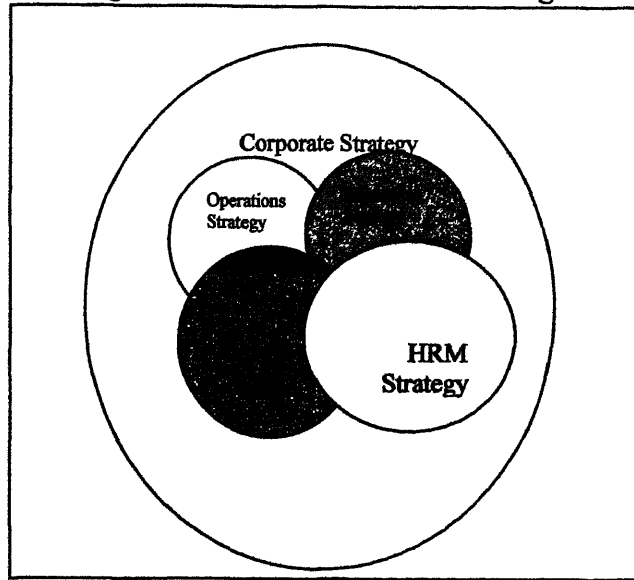
(d) ***Product diversification*** **:** here the organization expands by developing new products for new markets. Though diversification is a risky venture, it helps the organization to reduce dependency on a narrow product/market area.

Fig. 3.6

Product/ Market Grid

4. FUNCTIONAL STRATEGIES- The corporate strategy sets the framework for the functional strategy, namely marketing, finance, accounting, personnel etc. Each department plays an important role in strategic planning process. The activities of all department must be coordinated to accomplish the corporate objectives. These functional strategies are long term plans that lay down how these individual areas are to contribute to and support the organization's achievement of its long-term goals. Figure 3.7 shows an integrated view of functional strategies.

While it is necessary to consider the corporate strategy in developing each individual functional strategy, the various aspects of the functional strategy cannot be considered in isolation from the other. They tend to overlap and the process must be viewed in an integrated perspective. Generally some functions may tend to be over-emphasised depending on the objective of the organization. More often, marketing has an important role to play in this strategic plan as most of the company's strategic planning deals with marketing variables like market share, market development and growth. It is for this reason that some companies call strategic plan as 'strategic marketing plan'.

Fig. 3.7

Integrated view of Functional Strategies

MARKETING PLANNING FOR SERVICES

The first step in business planning is the marketing step, where the target market and service positioning strategy are defined, as well as the required resources are established to achieve these goals. A typical planning programme process indicates that planning is a circular activity with a constant need to return to the mission statement to make sure it is consistent with the vision under all competitive conditions. Marketing planning is defined as-a managerial task of determining the future course of action, preceded by an analysis of the past and projection of future events. It brings out in terms of time and resources, a systematic and integrated programme so as to facilitate achievement of marketing goals. The stages of marketing planning process are as follows in Figure 3.8.

1. Situation Analysis- The first step in strategic marketing planning is to analyse the position of the organization, and in particular, its marketing activities. The analysis of the current situation can be the most helpful indicator for forecasting the future situation. This analysis can be done in two major areas-internal and external. The internal analysis relates to those factors, which are specific to an individual organization and is identified in terms of its strength and weakness that enhance or obstruct future plans. The

company's objectives, finance, human relations, its competitive advantage etc. reflect its strength or weakness.

Fig. 3.8

Marketing planning Process

The external analysis studies the environmental factors, which affect all services operating in the same industry or market. These should be defined in terms of opportunities and threats for future plans. The external factors include political, economic, and social environments, technical, competitors' strength and changing tastes of customers.

The Strength Weakness Opportunity Threat (SWOT) analysis summarises the main environmental issues in the form of opportunities and threats facing the organization and also the strength and weakness of the company to match the. Marketing audit is a systematic method of assessing the strength and weakness of the company. The analysis reviews the company's current market situation in relation to-market description, service quality and competition.

- ***Market description***: the major market segments, market size, customer requirements, market share of the service firm and a brief note on the various factors that affect the purchase pattern of the customers.
- ***Service quality***: a regular data collected on the service quality as well as the service process control to indicate areas for particular attention.
- ***Competition***: the market share of the competitors, the quality measures taken by them to retain customers, their future intentions on pricing and

promotion strategies must be identified. The purpose here is to anticipate important developments that have an impact on the company's objectives and activities.

2. **Establishing Market Objectives-** The results of the SWOT analysis are the basis on which the objectives and strategies are developed. These objectives must be related and consistent with the service firm's mission and vision. This goal setting requires close interaction between the company's top management and marketing management. The objectives are stated in quantitative terms usually expressed as a percentage of profitability, sales or market share. The objective should also decide on the time frame within which it must be achieved. To be effective the marketing objective must be realistic and capable of being achieved. The objectives should be set in the order of priority.

3. **Formulating Marketing Policies and Strategies-** Once the objectives are set, the manager considers the methods by which these objectives are achieved. The marketing strategy should be formulated on the basis of market segment if possible, as more resources and efforts can be allocated to the profitable segment. The service firm needs to define how it will differ from its significant competitors. These broad business strategies help the companies to plan marketing tactics for the specific service through the marketing mix elements-the core service, the augmented service to be offered; pricing levels to be adopted, margins and discounts; the delivery system which includes the channel to be used and its location, promotion mix, the physical evidence and the required human resource to deliver the service. These strategies are developed based on the opportunities and threats. The other marketing strategy includes programmes on marketing research to update and match the needs of the customer segment.

4. **Action Programme-** The action plan is a detailed plan of activities undertaken for the whole year in a designed sequence and also the amount spent on each. It should also show the results that are expected from each activity in order to measure. These action plans are subject to change during the year as new threats or opportunities arise. The importance of the plan involves assigning responsibilities to specific individuals or work groups to ensure accountability. A key element for the systems and procedures is correct

and timely information. The organization needs to develop necessary skills and core competencies in order to implement the plans.

5. Develop Marketing Budget- The strategy to be adopted and the action plans which are required for advertising, sales promotion and market research etc. enable the marketing manager to prepare a marketing budget. Budgets are financial statements revealing expected expenses and revenue for the planned year. An estimate is made of the total sales for the year and the expected cost as well as the cash flow statement associated with the sales level. The sales are estimated by adopting trend analysis or consumer opinion survey. The sales revenue and marketing expenses are then compared to find out the feasibility of the marketing activity.

6. Control and Feedback- The last stage in marketing planning process relates to the monitoring of the implemented plan. The managers and others responsible for the action program should be involved in the monitoring process. The control procedure involves a systematic review of all aspects of plan against the targets set. The review is carries out regularly to ensure prompt action in those areas where it is not consistent with the targets set. The main criteria for determining the level of success against target will be based on

***Market place performance*:** Market growth rate, market share, profit margin.

***Financial analysis*:** Sales volume, profit analysis.

***Customer satisfaction*:** Satisfaction survey and complaints monitoring. and

***Efficiency measure*:** Improved process, response speed.

An analysis of the variance from the target indicates if the variance is within the control of the person responsible for meeting the target. If it is not within the control, the issue should be revised once again so that it becomes attainable. Some control sections include contingency plans. A contingency plan outlines the steps that management would implement in response to specific adverse developments that might occur, such as price-war or a strike. The purpose of contingency planning is to encourage managers to give prior thought to some difficulties that might lie ahead.

ADVANTAGES OF MARKETING PLANNING

The following are some of the tangible benefits that accrue on account of marketing planning:-

- Identification of future developments – the past data are analysed and future related problems are identified. Once these events are discovered , it is easier to formulate relevant course of action to meet market needs.
- Consideration of opportunities and problems – while identifying future developments, marketing opportunities and problems are located in the environment. Consideration of these leads to the formulation of the best solution and decrease in risk involved.
- Focus on objectives– when the market activities are planned, the marketing objectives are set. The marketing policies and programmes are focused on these objectives. It also leads to the correct definition of marketing goals, ensures against deviations and prevents subordination of organizational goals to the personnel goals of the manager.
- Profitable employment of resources – when marketing operations are planned, there is an optimum utilization of resources and maximum return on capital because the time and resources available are employed most economically and rationally.
- Facilities integration – marketing planning facilitates coordination, both horizontally and vertically because every person located at different organizational level in the marketing department knows fully well about the marketing plan. As a result , the service delivery is synchronized and the overall marketing operation is integrated for maximum market impact.
- Essential prerequisite for control– marketing planning lays down standards of marketing performance against which management measures and evaluates organizational performance. Planning helps to identify deviations and rectifies them.

Thus effective marketing is enhanced greatly by a well-thought and well-developed marketing plan. Such a plan helps to bring all the service firms marketing activities together in an integrated manner in order to create a positive future for the firm. However, a number of problems are faced in the development and implementation of effective marketing plan.

HURDLES IN MARKETING PLANNING

Corporate Inflexibility: This refers to rigidities and resistance of persons and systems operating in the company with regard to the changes implemented by the marketing plan. The mental framework, attitude, perception and behaviour of marketing personnel may be so conditioned that they develop inflexibility and resist changes. Even if the

management is cost conscious, it does not prepare and execute new plans. This is a controllable problem and can be overcome by educating the employees to come out of the in-built conservative attitude.

Lack of Line Management Support: The front line personnel are preoccupied with the execution of service delivery and solving day to day problems and they have insufficient time to coordinate with the marketing planners. It may be attributed to large span of management, non-delegation of authority and also reluctance to plan. Through proper training the line managers may be involved in designing the way the data are collected or through redesigning their jobs.

Cost of Planning: Systematic marketing planning costs both time and money which is beyond the scope of an average sized service firm. Development of plan, scanning of the environment, evaluating alternatives require considerable time and money, more over the benefits of planning are not available immediately.

Rapidity of Environmental Changes: These problems arise out of change in cultural, behavioural pattern and also changes in technology and innovations, that the current marketing mix may become obsolete. The planners with the help of economic and statistical tools can overcome several of these problems. Sales forecasts and demand measurements are one of the tools that help the planners to confidently face the problem.

MATCH DEMAND AND SUPPLY

The challenges are faced by managers of matching service supply with customer demand on a daily basis in a dynamic environment. Service capacity is a perishable commodity. Unlike products that are stored in warehouses for future consumption, a service is an intangible personal experience that cannot be transferred from one person to another. Instead, a service is produced and consumed simultaneously. Whenever the demand for a service falls short of the capacity to serve, the results are idle servers and facilities. Furthermore, the variability in service demand is quite pronounced. The natural variation in service demand creates periods of idle service at some times and periods of consumer waiting at other times. The lack of inventory capability leads to four possible scenarios at any given time. Which are as follows:-

The level of demand exceeds maximum capacity. In this situation, some customers will be turned away, resulting in lost business opportunities. For the customers who do receive the service, its quality may not match what was promised due to crowding or overtaxing of staff and facilities.

No one is being turned away but the quality of service may still suffer due to overuse, crowding, or staff being pushed beyond their abilities to deliver consistent quality.

Staff and facilities are occupied at an ideal level. No one is overworked, facilities can be maintained, and customers are receiving quality service without undesirable delays.

Demand is below optimum capacity. Productive resources in the form of labour, equipment and facilities are under utilized, resulting in lost productivity and lower profits. Customers may receive excellent quality on an individual level because they have the full use of the facilities, no waiting and complete attention from the staff.

Not all firms will be challenged equally in terms of managing supply and demand. The seriousness of the problem will depend on the extent of demand fluctuations over time and the extent to which supply is constrained. Some types of organizations will experience wide fluctuations in demand (e.g. telecommunications, hospitals, transportation, restaurants) while others will have narrower fluctuations (e.g. insurance, laundry, banking). For some, peak demand can usually be met even when demand fluctuates (e.g. electricity, telephone) while for others peak demand may frequently exceed capacity (e.g. theatres, restaurants, hotels).

Everyday, managers make decisions without knowing what will happen in the future. Making good estimates is the main purpose of forecasting. It is necessary to understand why forecasting is so important to service operations, what types of service outputs are forecast and the factors that affect our choice of forecasting methods. In order to carry out any serious attempt at planning resources, it is first necessary to have some assessment of the level of activity required of those resources. The better the assessment, the better the quality of the planning.

In the long term a tour operator might be attempting to forecast the annual value of holidays sold in order to determine the growth rate, market position and broad

level resource requirements to meet this demand. However, to be of use in planning terms, this would need to be converted into operational units, such as number of holidays sold. Over a shorter time scale, in order to plan the transportation requirements, this would need to be broken down into countries (or at least regions served by major airports). Within each region, it might be possible to break the demand down into specific areas, and within that, specific types of accommodation (luxury, mid range economy hotel, self catering). Good forecasts are an essential input to all types of productive systems because they form the basis for planning. There are many types of services, however that would be chaotic without forecasting of demand. A few situations that differ widely from manufacturing companies are described briefly below.

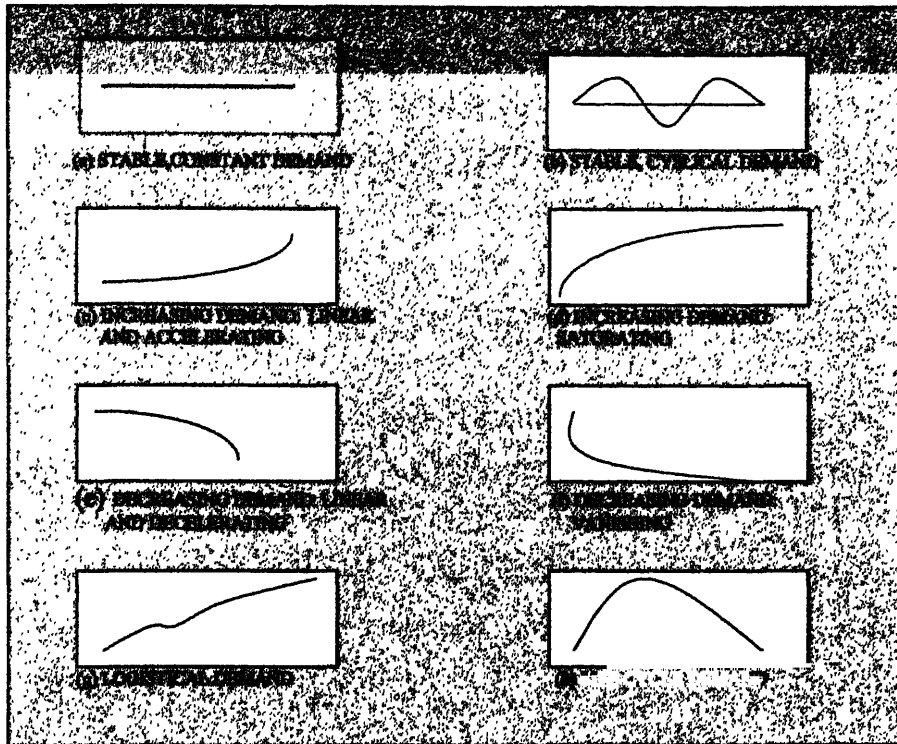
If a service firm has relatively limited range of capacity and widely fluctuating demand for its services, it must establish policies to prevent idle facilities when demand is normally low. It also must seek means for treating customers when demand exceeds. A beauty shop is an example of a service with fixed capacity where demand varies widely by the day of the week, hour of the day and season for the year. Potential sales, once lost, may not be made up in many cases.

One of the features of manufacturing that allows adjustments for fluctuations to be made more easily is the ability to carry inventory for extended periods of time. Most services are intangible and are consumed during production. In the case of intangible outputs of services, capacity must be very closely matched to demand. Delays in supplying the service may lead to lost sales or ill-will.

A recent innovation in the service industries is sharing capacity. This has been done by the electric utility industry with plants connected in major interstate grids. Excess capacity over and above the utilized capacity for the present level of activity can be shared or hired.

Matching capacity to demand over a period of time requires the consideration of the demand curves commonly faced. We can then seek ways to adjust service output along such curves. Some of the basic types of demand curves are shown in figure 3.9. A clear understanding of demand patterns, why they vary and the market segments that comprise demand at different points of time is necessary to manage fluctuating demand.

Fig. 3.9

Typical Curves Representing Forecasts of Demand: Demand Vs Time

The organization needs to chart the level of demand over relevant time periods. Organizations that have good computerized customer information systems can do this very accurately. Others may need to chart demand patterns more informally. Daily, weekly and monthly demand levels should be followed and if seasonality is a suspected problem, graphing should be done for data from at least the past year. Sometimes demand patterns are intuitively obvious, in other cases patterns may not reveal themselves until the data are charted.

Variation in demand can be caused by many factors. Some of which are predictable and some are not. Is there a predictable cycle daily, weekly, monthly and/or daily? If there is a predictable cycle what are the underlying causes? Tax accountants can predict demand based on when taxes are due. Services catering to children and families respond to variations in school hours and vacations. Retail and telecommunication services have peak periods at certain holidays and times of the week and day. When predictable patterns exist, generally one or more causes can be identified.

Random variations in demand is a fact of life for virtually every service- there is no apparent predictable cycle. For example, day to day changes in the weather may affect use of recreational, shopping or entertainment facilities. While the weather cannot be predicted far in advance, it may be possible to anticipate demand a day or two ahead. Health related events also cannot be predicted. Accidents, heart attack and births all increase demand for hospital service, but the level of demand cannot generally be determined in advance. Natural disasters such as floods, fires and hurricanes can dramatically increase the need for such services as insurance, telecommunication and health care.

If an organization has detailed records on customer transactions, it may be able to disaggregate demand by market segment. Or the analysis may reveal that demand from one segment is predictable while demand from another segment is relatively random. For example, for a bank, the visits from its commercial accounts may occur daily at a predictable time, whereas personal account holders may visit the bank at seemingly random intervals.

MANAGING CAPACITY CONSTRAINTS

Demand cannot be perfectly controlled, efficient management of resources requires that the firm consider changing capacity by increasing it to meet high demand and contracting it in slack periods. However, depending upon the type of service, service firms (fig. 3.10) are faced with the constraints of;

- Labour.
- Time.
- Facilities.
- Equipment.

Labour

For a firm that employs a large number of service providers, labour or staffing levels can be the primary capacity constraint. A law firm, a university department, a consulting firm, a tax accounting firm, and a repair and maintenance contractor may all face the reality that at certain times demand for their organizations' services cannot be met because the staff is already operating at peak capacity. In some instances it is easier to hire and fire people than it is to purchase and divest buildings and

machinery. This approach can be costly how ever, if employees require extensive training to provide the service or if hiring and lay off costs are high. In such cases, firms may prefer to supplement their permanent work forces with cadres of part time employees who work fewer hours, but who are employed often enough to keep their skills sharp.

Another solution that avoids training and hiring costs is to simply increase the work hours of the regular staff during periods of high demand. This policy provides high flexibility in matching short-term demand fluctuations, but it cannot be sustained for long periods of time. The cost of overtime pay and the effects on service quality of tired employees can overwhelm the benefits. Moreover, when demand falls below desired levels, labour capacity cannot be correspondingly reduced by shortening the hours of full-time employees. However, labour hour capacity can be reduced by scheduling vacations and alternative maintenance duties during such periods.

Fig. 3.10

What is the Constraint on Capacity ?

Nature of the constraint	Types of service
Time	Legal Consulting Accounting Medical
Labour	Law film Accounting firm Consulting firm Health clinic
Equipment	Delivery services Telecommunication Utilities Health club
Facilities	Hotels Restaurants Hospitals Airlines Schools Theaters

* The examples illustrate the most common capacity constraint for each type of service. In reality, any of the service organizations listed can be operating under multiple constraints. For example, a law firm may be operating under constrained labour capacity (too few attorneys) and facilities constraints (not enough office space) at the same time.

The capacity of the workforce can also be made more flexible through extensive cross training, which enables employees to perform several different jobs. This

approach allows management to reassign those working at less essential tasks to assist temporarily at points of high demand. For example, many retail stores have people working in backroom operations who can assist in serving customers when traffic becomes too great for the regular sales staff. It is also possible to increase the productivity, and hence work capacity, of a staff without adding more people through training in improved job skills and by motivating personnel through inspiring leadership.

Time

For some service businesses, the primary constraint on service production is time. For example, a lawyer, a consultant, a hairdresser, and a psychological counselor all primarily sell their time. If their time is not used productively, profits are lost. If there is excess demand, time cannot be created to satisfy it. From the point of view of the individual service provider, time is the constraint.

Time capacity can be increased by simply operating for longer hours, although this is not an option if those times do not match customer needs. Increasing hours of operations also produces some of the complications with personnel mentioned above. Time capacity can also be increased by shortening the time required to serve customers that is, by shortening the length of time customers spend in the service (for example, by shorting the rides at an amusement park.) It can also be done by reducing the amount of time customers spend with the most time-constrained assets (increasing the capacity of the hospital's best surgeon by assigning all but the most essential tasks to other staff).

Time can also be saved by using periods of slack demand for other uses, particularly for maintenance and repair. These functions must be performed at sometime or other, however, if they can be scheduled away from peak demand periods, the overall productivity of the services facilities will be improved.

Facilities

Most service firms are faced with restrictions, brought about by their limited facilities. Hotels have only a certain number of rooms to sell, airlines are limited by the number of seats on the aircraft, educational institutions are constrained by the number of rooms and the number of seats in each class room and restaurant capacity is restricted to the number of tables and seats available.

Physical facilities are often more difficult to adjust. Adding a building tends to increase capacity by large amounts and moving to new quarters of appropriate size is an impractical solution if done too frequently. However, a service firm with multiple outlets may be able to accommodate excess demand at one facility by sending it to other units. Firms may also have the option of renting temporary facilities. Facilities can also contribute to the improvement of productive capacity by providing a comfortable, efficient environment in which to work.

Equipment

For service firms equipments may be the critical constraint. For trucking or air fright delivery service, the trucks or airplanes needed to service demand may be the capacity limitation. During the Christmas holidays, Federal Express and other delivery service providers are faced with this issue. Health clubs also deal with this limitation , particularly at certain times of the day, telecommunication companies face equipment constraints when everyone wants to use the telephone lines during peak hours.

Productivity enhancement tools can increase the capacity of a fixed work force by freeing the staff from time wasting, repetitive tasks. Banks have built ATMs to allow their counter people to devote more time to customers needing more complex services. Manufacturers of sophisticated computer and electronic products build self diagnostic components into their products to avoid sending costly engineers into the field to do routine analyses. Computers that automate ordering and billing activities and keep track of customer purchase histories have transformed operation performed by the clerical staff in many kinds of firms. However, some equipment can be extremely expensive and only available in increments that add large units of capacity and thus make the firm less flexible. In such cases, firms may be able to rent the equipment or share ownership with other firms. Understanding the above primary capacity constraints that restrict service capacity help in capacity management / planning.

CAPACITY PLANNING

It involves determining the resource capacity that a firm will need to meet its demand. The role of capacity planning is to convert the strategic types of marketing plans or demand forecasts associated with long range planning into over all capacity requirements, these aggregate capacity requirements will subsequently serve as a frame

work for the short range allocation of over all capacity to individual services. It is important to recognize that capacity planning should have a time dimension associated with it. Thus the number of tables in a restaurant does not measure in capacity; this can be measured as the number of meals served per day. In general terms capacity is measured by the maximum output level (tasks completed, customers served) in a period of time. For a hotel it might be beds available per night; for a supermarket, customers served per hour; for an airline, passenger miles per year and for a college, student teaching hours per semester.

It is important to note that generally it is necessary to express capacity in some general units, particularly when this capacity can and is used to deliver a range of different services. For the college, it is tempting to think of capacity as the maximum number of students on a particular course, whereas this does not portray the true picture, as in reality a mix of courses is offered and different courses have different requirements. Capacity utilization concerns how the capacity is used to satisfy customers. It is concerned with establishing a strategy for meeting the variations in demand. Decisions such as the number of full time workers to employ, whether part time workers or sub-contracting should be used, when the services should be offered, at which sites or times and how much capacity is needed a re all part of aggregate capacity planning. Capacity planning is some what different for services than for manufacturing because of the following factors:-

1. Most services are perishable and cannot be inventoried. Thus it is impossible to produce the service early in anticipation of higher demand at a later time.
2. Demand for services is often difficult to predict and demand variations are typically more severe and frequent i.e. they occur over shorter time periods.
3. Because of the variety of services offered and the individualized nature of service, the capacity required to meet demand is difficult to predict. For example, the time required to serve a customer at a bank can vary considerably depending on the number and type of transactions requested by the customer. Units of capacity also may be hard to define. For instance, should a hospital define capacity in terms of numbers of beds, numbers of patients, size of nursing or medical staff or number of patient hours at each level of care ?

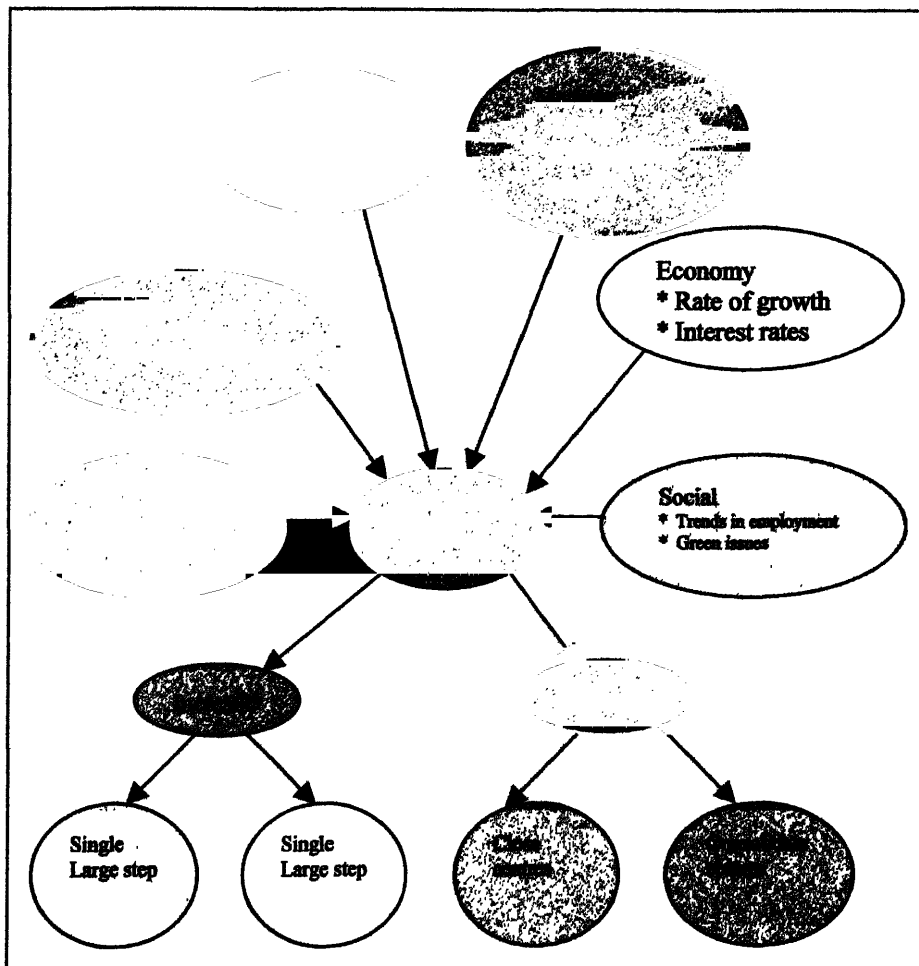
4. Since most services cannot be transported service capacity must be available at the appropriate place as well as at the appropriate time.

5. In view of these difficulties it is helpful to note one final difference. Service capacity is generally altered by changes in labour rather than by equipment or space, and labour is a highly flexible resource.

Long-term Capacity Planning

Long-term capacity planning decisions are generally strategic in nature, normally involving investments in buildings and equipment primarily, and to a lesser extent in human resources. They must be made in the knowledge of a range of external

Fig. 3.11

Long-term Capacity Management Decisions

factors, which include economic, social, technical factors as well as the behaviour of major competitors. Capacity decisions can be to increase capacity, which can be achieved either through several small step increases, or to reduce capacity, which might come from closing or consolidating 'centers' figure 3.11 presents this range of options.

The large increase has the advantage of economies of scale, the change and disturbance caused by the capacity increase last a relatively shorter time. The small increases involve less risk if the predicted demand for the service does not materialize and when each increase takes place, the latest technology can be used. It is important to recognize that the presence of the customer in the service system has an impact on the capacity management decision. If there is likely to be (significant) competition, opening a second centre in a neighbouring location thus making it 'convenient' for another potential group of customers, rather than doubling the capacity of the existing center, could be a better strategy. Developments in communication technology have had an impact in this area. For example, capacity management decisions in telephone banking and insurance services are not significantly influenced by the location of the customers, and their location has little impact on increasing capacity.

Short-term Capacity Planning

Decisions in this area relate to attempting to match supply of resources and demand with two broad options being to try and adjust resources to meet demand or to try to manage demand so that resources do not need to be adjusted. In general terms, the technology involved in the equipment used to deliver the service, and the flexibility and responsiveness of the work force, are among the factors which will determine the extent to which this is possible and the lead time necessary to make the appropriate changes.

In some environment it is important that the service can be 'guaranteed'. Example are the emergency services (fire, police, ambulance) utilities (gas, electricity and water). For these, it is not unusual to maintain excess capacity and to develop contingency plans to handle the extremely high levels of demand which can occur very infrequently. Non urgent, routine tasks are in part used to absorb the excess capacity. This might include maintaining equipment, training and providing advisory services. Within the fire service, plans are drawn up where by one fire station can have back up

provided by a neighbouring station if levels of 'demand' (fires or other emergencies) are at an extremely high level.

It is sometimes possible to offer an alternative service when capacity limitations are reached within one area. Illustrations are the air passenger upgraded from tourist to club/business class because the tourist section on the flight is full, the holiday makers are offered alternative accommodation because the hotel into which they were originally booked was full or the diners in the restaurant are offered an alternative dish, when the one chosen originally was finished. This process has to be handled with care change customer's expectations of the service and it can cause problems for other passengers (the other passengers who paid the full club class fare).

Two key parameters are the demand from customers and the time required to provide the service. A number of possibilities are available to influence or attempt to manage demand. The most common is the appointment or reservation system. However, this does have the disadvantage that, depending on the consequences, a

Fig. 3.12

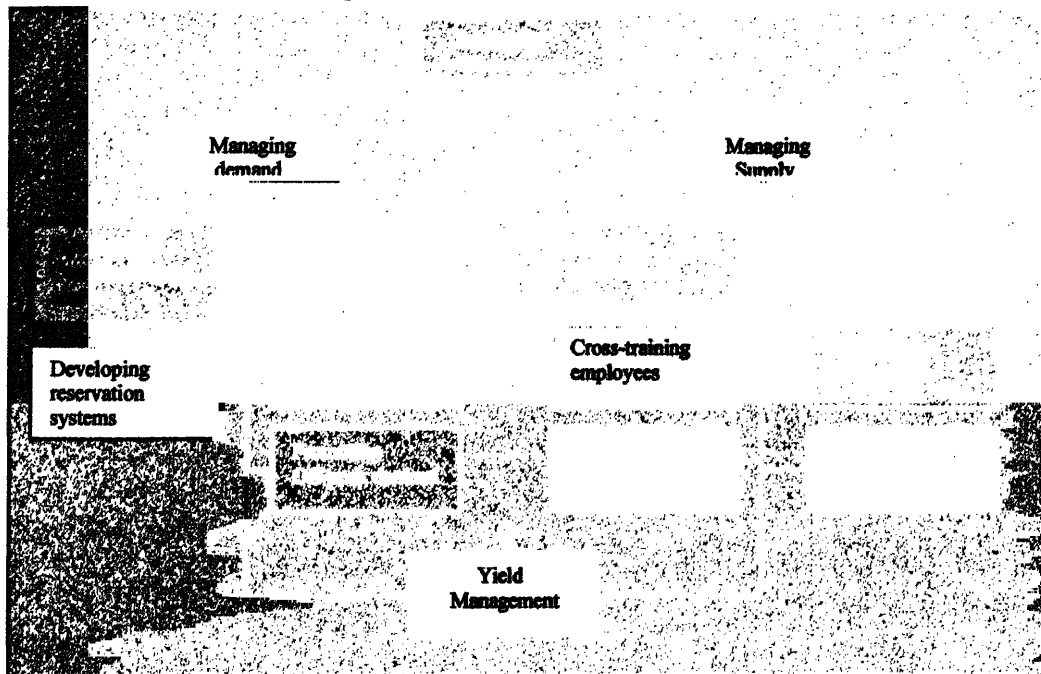
Strategies to match Demand for Services

Managing demand

Managing Supply

Developing reservation systems

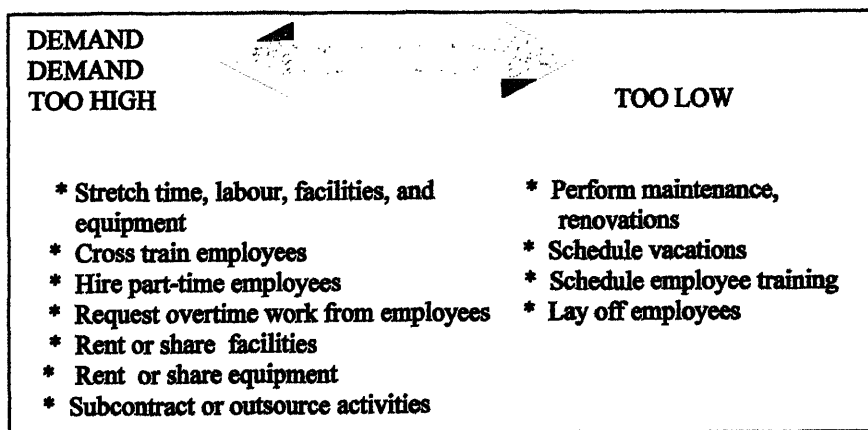
Cross-training employees

Yield Management

proportion of customers might not turn up for any given appointment. As a result, organizations can be encouraged to over book appointments, which can result in either delaying or changing the service. During periods of non peak demand, different pricing policies are often used to stimulate demand weekend break offers in hotels figure 3.12 summaries the strategies for matching supply of and demand for services.

STRATEGIES TO MATCH DEMAND

The amount of flexibility a firm should build into its capacity is a strategic decision, which is determined by the type of service offered , costs, labour availability and other factors. At one extreme is a level-capacity and absorbs the costs when demand is far above or far below that level. At the other extreme is the strategy to "chase demand" with capacity that can be rapidly expanded or contracted to meet current needs. A given firm's optimal level of flexibility to match, capacity to demand will fall somewhere between those two extremes. The various strategies used to manage capacity are described below Figure 3.13.

Fig. 3.13

Strategies for Managing Capacity to Match Demand

1. **Customer Involvement-** Another source of additional capacity is the customer himself or herself. By converting certain operations to self service, the firm's own personnel can be diverted to other functions. Buffets and salad bars at restaurants and fast food joints are common examples. In general, requiring customers to provide their own service must be reflected in lower prices or they tend to feel they are being cheated. Self service firms also lose a certain measure of control over service quality when

customers are asked to perform key steps, so managers must be careful to transfer only easily accomplished tasks to their patrons.

2. **Cross Training Employees-** Some service systems are made up of several operations. Sometimes when one operation is busy, another operation may be idle. Cross training employees to perform tasks in several operations creates flexible capacity to meet localized peaks in demand.

The gains from cross-training employees can be seen at supermarkets. When queues develop at the cash registers, the manager calls on stockers to operate registers until the surge is over. Likewise, during slow periods some of the cashiers are busy stocking shelves. This approach can also help build as "esprit de corps " and give employees relief from monotony.

3. **Using Part-time Employees-** When peaks of activity are persistent and predictable, such as we see at meal times in restaurants or on pay days at banks, part-time help can supplement regular employees. If the skills and training required are minimal, a ready part time labour pool is available from college students and other interested in supplementing their primary source of income.

Another source of part-time help is off duty personnel placed on stand by. Airlines and hospitals often pay their personnel to be on stand by. Standbys are paid some nominal fee to restrict their activities and to be ready for work if needed.

4. **Stretch Existing Capacity-** The existing capacity of service resources can often be expanded temporarily to match demand. In such cases no new resources are added but rather , people, facilities and equipment are asked to work perhaps harder and longer to meet demand. Stretch: It may be possible to extend the hours of service temporarily to accommodate demand. Relates are open longer hours during the Diwali or Christmas shopping seasons and accountants have extended appointment hours before tax deadlines. Stretch labour: In many service organizations, employees are asked to work longer and harder during periods of peak demand. For example, consulting organizations face extensive peaks and valleys with respect to demand for their services. During periods of peak demand, associates are asked to take on additional projects and work longer hours. Stretch facilities: Theatres, restaurants, meeting facilities and class rooms can sometimes be expanded on a temporary basis by the addition of tables, chairs and other equipment

needed by customers. Stretch equipment: Computers, telephone lines and maintenance equipment can often be stretched beyond what would be considered the maximum capacity for the short periods to accommodate peak demand.

After using above types of 'stretch' strategies, the organization needs to recognize the wear and tear on resources and the potential for inferior quality of service that may go with the use. These strategies should thus be used for relatively short periods in order to allow later for maintenance of the facilities and equipment and refreshment of the people who are asked to exceed their usual capacity.

5. **Sharing Capacity-** A service delivery system often requires a large investment in equipment and facilities. During periods of under utilization, it may be possible to find other use for the capacity. Airlines have co-operated in this manner for years. At small airports, airlines share the same gates, ramps , baggage handling equipment and ground personnel. It is also common for some airlines to lease their aircraft to other airlines during the off season. The lease agreement includes painting on appropriate insignia and refurbishing the interior.

6. **Modify or Move Facilities and Equipment-** Some times it is possible to adjust, move or creatively modify existing capacity to meet demand fluctuations. Hotels accomplish this by reconfiguring rooms-two rooms with a locked door between can be rented to two different parties in high demand times or turned into a suite during slow demand. The airline industry offers dramatic example of this type of strategy. The new Boeing 777 aircraft is so flexible that it can be reconfigured within hours to vary the number of seats allocated to one, two or three classes. The plane can thus be quickly modified to match demand from different market segments essentially molding capacity to fit demand.

7. **Schedule 'Down Time' during Periods of Low Demand-** If people equipment and facilities are being used at maximum capacity during peak periods then it is imperative to schedule repair, maintenance and renovations during off peak periods. This will ensure that the resources are in top condition when they are most needed. With regard to employees, this means that vacations and training would also be scheduled during slow demand periods.

8. **Other Methods to Alter Capacity-** In addition to adjusting the various components of capacity listed above, service industries have developed other ways to increase capacity. One is to use sub- contractors to bolster service capacity. This can give the firm access to highly trained employees for short periods of time. Similarly, the firm may be able to rent facilities and equipment on short notice.

STRATEGIES FOR MANAGING DEMAND TO MATCH CAPACITY

Excessive fluctuations in demand for service need not be accepted as inevitable. Service systems can smooth their demand by using both active and passive measures. While the arrival of consumers will still occur at random intervals, the average rate of arrivals will be more stable over time. There are several strategies that might be used for demand smoothing. Figure 3.14 summarizes the strategies commonly used to manage demand.

Fig. 3.14

Strategies for shifting Demand to Match Capacity

1. **Partitioning Demand-** Demand for a service is seldom derived from a homogenous source. Instead it is often grouped into random arrivals and planned arrivals. For example a bank can expect visits from its commercial accounts on a regular daily basis and at approximately the same time. It can also expect random arrivals of its personal account holders. Likewise the walk in patients arriving at a doctor's clinic are more than those with appointments. Walk in demand is uncontrollable, appointments are controllable.

Moreover, patients in flow is higher on week days than week end. Therefore, why not make appointments in the latter part of the week to level demand.

2. Vary the Service Offering- One approach is to change the nature of the service offering, depending on the season of the year, day of the week or time of day. For example, accounting firms focus on tax preparation late in the year and until April, when taxes are due. During other times of the year they can focus on audits and general consulting activities. Airlines even change the configuration of their plane seating to match the demand from different market segments. In some planes, there may be no first class sections at all. On routes with a large demand for first class seating, a significant portion of the seats may be placed in first class.

Care should be exercised in implementing strategies to change the service offering, since such changes may easily imply and require alterations in other marketing mix variables-such as promotion, pricing and staffing to match the new offering. Unless these additional mix variables are altered effectively to support the offering, the strategy may not work. Even when done well, the down side of such changes can be a confusion in the organization's image from the customers' perspective or a loss of strategic focus for the organization and its employees.

3. Developing Complementary Services- Restaurants have discovered the benefits of complementary services by adding a bar. Diverting waiting customers into the lounge during busy periods can be profitable to the restaurants, as well as soothing to anxious consumers. Complementary services are basically offered to occupy waiting consumers.

4. Promoting Off Peak Demand- Creative use of off-peak capacity results from seeking out different sources of demand. An example is the use of resort hotel during the off season as a retreat location for business or professional groups. Telephone companies offer lower rates to encourage to long distance dialing at night or on week ends when switching equipment is underutilized.

The strategy of promoting off peak demand can be used to discourage over taxing the facility at other times. A department store's appeal to 'shop early and avoid the Christmas rush' and a super market's offer of double coupons on week days are examples.

5. Pricing Incentives- Customers understand price. As long as demand curves slope downward, lowering price is a great incentive for getting customers to buy more of what you have to offer and raising price will choke off demand. Raising prices for peak times and lowering prices for non peak times can work wonders for smoothing out the demand on the service process. Telephone companies offer cut rates in the evening and night hours. Movies have matinee specials. Hotel's lowest rates are offered during week ends. However over reliance on price can result in price wars and eventually all competitors suffer.

6. Communicate with Customers- Another approach for shifting demand is to communicate with customers , letting them know the times of peak demand periods so they can choose to use the service at alternative times and avoid crowding or delays. For example, signs in banks and post offices that let customers know their busiest hours and busiest days of the week can serve a warning , allowing customers to shift their demand to another time if possible. Fore warning customers about busy times and possible waits have added benefits.

7. Modify Timing of Service Delivery- Some firms adjust their hours and days of service delivery to more directly reflect customer demand. Banks now have extended working hours and even work on week ends.

8. Modify location of Service Delivery- Another strategy may involve moving the service to a new location to meet customer demand, or even bringing the service to customers. Mobile training facilities, libraries are example of services that physically follow customers.

9. Advertising and Sales Promotion- In addition to signage being used to communicate peak demand times to customers, advertising and other forms of promotion can be used to emphasize different service benefits during peak and slow periods. Advertising and sales messages can also be used to remind customers about peak demand times and promotional offers during off season are common.

STRATEGIES WHEN DEMAND AND CAPACITY CANNOT BE MATCHED

Sometimes it is not possible to manage capacity to match demand, or vice versa. It may be too costly-for example, for most health clinics it would not be economically feasible to add additional facilities or physicians to handle peaks in

demand, patients simply have to wait to be seen. Sometimes, waits, may occur when demand backs up due to variability in length of time for service, for example, even though patients are scheduled by appointments in a physician's office, frequently there is a wait because some patients take longer to serve than the time allotted to them.

For some service organizations waiting customers are a fact of life at some point. Waiting can occur on the telephone-customers put on hold when they call into ask for information, order something or make a complaint-and waiting can occur in person-customers waiting in the line at the bank, post office or at a clinic. Waiting can occur even with service transactions through the mail-delays in mail order delivery of back logs of correspondence on a manager's desk. Some of the strategies that can be used to manage demand and capacity in this situation are described below:

1. **Reservations-** For a number of services, especially those that have a high intrinsic value for the customer, demand can be managed by introducing a reservations system. There are reservations for services particularly when supply is likely to be constrained. There are reservations for doctors and other health care services, for traditional restaurants, for most professional services and for many other services.

Sometimes , reservations do more than simply ensure full utilization of the service . They can also be used to segment demand and thus squeeze more revenue out of the customer who wants a better seat (at a game or a concert or on a plane) or a better room (at a hotel or in a hospital) or otherwise better or quicker service. Reservations also act to regulate the arrival of demand and to reduce its variability. Reservation system cost money to install and operate but they are effective and usually regarded by consumers as fair and justified , particularly if the queue is managed by a first come first served rule or by a rationing scheme where by the those who pay more served first. Reservation systems do, however, require early non spontaneous action by consumers and thus they are not well suited to all kinds of services. One would be hard put to install a reservation system for retail operations, unless what is being sold is of very high value (e.g. houses or works of are).

Often of course, reservation systems exist side by side with first come first served non reservations system (e.g. hotels, transportation, restaurants) . This nearly always occurs with services that often have enough excess capacity that they do not want

to turn away walk in business. Consumers here, too, recognize that those who have planned ahead should be rewarded more than those acting on impulse , if capacity suddenly becomes constrained.

2. Waiting Lines- Services being intangible cannot be inventoried in advance , but once a customer arrives he or she may be willing to wait for service to begin, in effect one can inventory customer arrivals instead . If a service firm can determine the maximum length of time that customers consider to be acceptable and can predict the probability distribution of arrivals it is then possible to use an area of applied mathematics called queuing theory to design the service delivery system's capacity to keep queue lengths to generally satisfactory lengths.

It is also possible to affect the perceived length of time that customers must wait by providing diversions. For example, many restaurants offer lounges where clients can pleasantly pass the time (and provide additional profits for the firm) until they are ready to be served. Many companies play recorded music or advertising messages for telephone callers who have been put on hold. And of course, doctors stock their waiting rooms with magazines and children's toys to help waiting patients pass time.

Although many queues operate on first-come, first served basis other priority arrangements (known as "queue disciplines") are possible. Certain services, such as emergency rooms, provide service on the basis of critical need/urgency rather than order of arrival. Retail stores with 'express lanes' are segmenting customers into separate queues based on estimated length of service time. Some services also divide customers by segment or importance of the customer , such as banks that have separate teller lines for retail and commercial customers.

In each of these queue discipline , the services marketer must balance the overall level of service provided against the aggravation of those who must be forced to wait the longest. If a customer feels that he or she has been forced to wait an unreasonable amount of time, there is usually an option of leaving the system and going to a competitor. By segmenting customers into different queues, overall customer satisfaction can be maximized.

3.Queuing Situations- With the frequent necessity of the presence of the customer in service situations and the inability to hold or make for stocks, queues have an important

role to play in service delivery systems and in the management of capacity. There are a number of key parameters in queuing situations: these include the arrival pattern of customers, the service times, the number of servers, the queuing configuration and the queue discipline. These are the parameters which the organization can consider controlling in attempting to manage capacity.

4. Triage- Another mechanism that directly manages demand is triage, which means 'sorting'. In services, triage mechanisms can serve to segment demands of different kinds and route them to different service processes. This reduces the variation striking any one service process and permits some customers to be served more rapidly than they otherwise would. E.g. emergency rooms, provide service on the basis of critical need, and not in the order of arrival. Triage mechanisms in combination with reservation systems permit airlines, for example to handle first class and business class travelers more expeditiously than tourist class travellers who have paid considerably lower fares.

5. Delaying Service Delivery- In some services it is possible to introduce short term delays and still retain the customers. A consulting or law firm may be able to hold onto customers requesting service by convincing the customer that the delay is worth the wait. So when supply must be matched to the short run demand, delaying delivery of a service encounter into the next day or week, or until capacity becomes available is one means of making the work more uniform. Obviously pushing a customer into a future time period is likely to lose a firm some goodwill or lower the quality of service.

YIELD MANAGEMENT

Yield management is defined as 'the process of allocating the right type of capacity to the right kind of customer at the right price so as to maximize revenue or yield'. Using yield management models organizations find the best balance at a particular point in time among the prices charge, the segments sold to and the capacity used.

We take the example of airlines, because of the perishable nature of airline seats (i.e., once a flights has departed , the potential revenue from an empty seat is lost forever) offering a discount on fares to fill aircraft became attractive. However , selling all seats at a discount would preclude the possibility of selling some at full price. Yield management attempts to allocate the fixed capacity of seats on a flight to match potential demand in various market segments (e.g. clubs , business economy) in the most

profitable manner. Although the airlines were the first to develop yield management, other capacity constrained service industries such as hotels, rental car firms and cruise lines are also adopting the practice. Yield management is most appropriate for service firms that reflect the following characteristics :-

- **Relatively Fixed Capacity-** Service firm is a substantial investment in facilities , such as hotels and airlines , can be considered capacity constrained seats on a flight are sold , further demand can be met only by booking passengers on a later flight. However, motel chains with multiple inns in the same city have some capacity flexibility because guests attempting to find room at one site can be diverted to another location within the same company.
- **Ability to Segment Markets-** For yield management to be effective , the service firm must be able to segment its market into different customer classes. The airlines are able to discriminate between a times sensitive business traveller and a price sensitive customer. Developing various price sensitive classes of service is a major marketing challenge for a firm using yield management. Hotels might segment their market into different customer classes and adjust the allocation of available room to each class on the basis of the seasons of the year.
- **Perishable Inventory-** For capacity constrained service firms , each rooms or seat is referred to as a unit of inventory to be sold (actually rented). The revenue from unsold capacity is lost forever.
- **Product Sold in Advance-** We have seen that reservation system are adopted by service firms to sell capacity in advance of use. However , managers are faced with the uncertainly of when to accept an early reservation at a discount price or went to wait and hope to sell the inventory unit to a higher paying customer. For example in a hotel , if demand is higher than expected , budget rate classes are closed and only reservations at standard rates are accepted. If the accumulation of reservation falls below the acceptable range , then reservation for rooms at budget rates are accepted.

- **Fluctuating Demand-** Using demand forecasting, Yield management allows managers to increase utilization during periods of slow demand and to increase revenue during periods of high demand.
- **Low Marginal Sales Costs and High Marginal Capacity Change Costs-**The cost of selling an additional unit of inventory must be low, such as the negligible cost of snack for an airline passenger. The marginal cost of capacity additions is large capital investment as in the case of airlines or hotels.

HUMAN BEHAVIOUR

All marketing activities are directed towards the consumers, as they initiate production of goods/services. The ultimate success of all economic activities depends on producing what the buyer considers suitable. Since long before recorded history, the buyers had some freedom of choice of accepting or rejecting the product or service of the seller. They purchase goods/services based on their mental and economic forces. The mental force creates desire and want to satisfy pride, fear, love, fashion, etc. and economic forces (i.e. purchasing power) which may decide the buying pattern to choose between those wants and select according to priority of consumption. Thus the marketers' prime task is to find-what, when, where, how and from whom the consumer decide the purchase goods and services.

The purpose marketing research is to gain insight into the process and critical factor that influence the decision making of the consumer. It is important for service organization to understand a number of aspects of the customers' buying behaviour. The analysis of market opportunities, selection of target market , and the determination of the marketing mix elements all depend on the life style , attitude and economic condition of the consumer. Marketers find it useful to distinguish different consumer groups or segments and to develop products and services tailored to their needs.

There are many factors that influence consumer behaviour. Potential customer are subject to various stimuli. The service firm must understand how the consumer respond to different service feature, price, appeals, etc. along with the major forces in the marketing environment i.e., economic, social, culture factors. All these

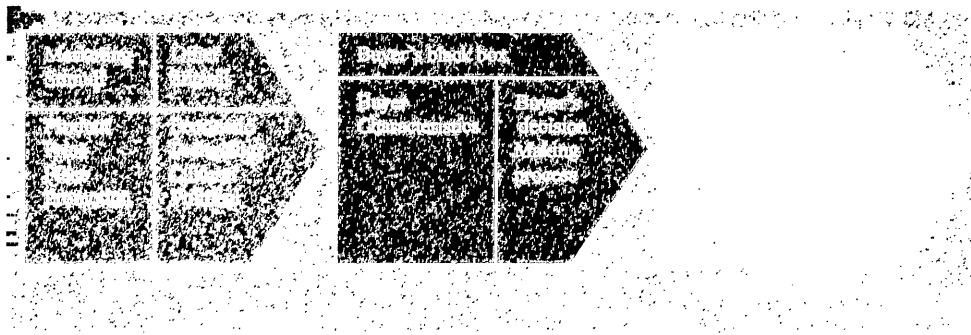
stimuli influence the buyer's decision making process and evoke positive and negative response towards the product or service. This model of consumer behaviour is called as the stimulus response model , which may be given as follows: It is clear from the above that the human behaviour has two components:-

- Buyer's characteristics and
- Buyer's decision making process.

BUYERS CHARACTERISTICS

The consumer's purchases are strongly influenced by cultural , social , personal and psychological determinants. Marketers must understand the complex buyer behaviour , in order activate the stimulus that triggers off the purchase decision.

Fig. 3:15

Model of Buyer Behaviour

A. Cultural Factors- Cultural refers to the values , practice or customs of the people in a society. It is social heritage of the society and influence the life style of the people. Every culture evolves unique pattern of social conduct right from the food habit, clothing and social interaction. In some cases the value become enforced through legal system , or are faithfully followed with no legal force. There are a number of factor included in the cultural influences like religion, ethnic groups , fashion, leisure time etc. The influence of the culture is not static but adaptive , changing and reflective of new values which society comes to recognize. The marketing firm should consider to the cultural forces , which are dominant in the marketing environment for making relating to the service product, its promotion, and its distribution.

The increase value on health in the western society is an emerging cultural norm. This reflects on changes in food consumption pattern-trends in consuming healthy

food such as yogurt, natural cheese , hormone free meat etc. The hotel industry must consider these in their menu plan. At the same time , there is a significant growth of gym and other health care centers. Similarly , increase in leisure time also has important influence on use of many service like resorts , types of holidays etc. While in India , the socio-cultural changes that have taken place are, higher rate of literacy in women and more working women. This gives rise to changes in banking hours which are more convenient, availability of domestic service and growth of child day care centers.

The social class categories people based on income, wealth, occupation, education etc. The social class reflects homogeneous values, interest and behaviour. They show distinct product/service preferences in purchase decisions relating to choice of restaurant, leisure activity, entertainment and also choice of retail outlets. The marketing men need to find the effective media that will have greater impact on these social classes.

B. Social factor- The consumer behaviour is also influenced by social factors such as consumer reference groups family etc. Reference group can be primary in the form of friends and work colleagues or secondary in the form of remote personalities with whom there is no two-way interaction. The primary reference group exerts a major influence on the purchase decisions, this could indicate the need to take measure that will facilitate word of mouth communication-for example , giving customer rewards in return for the introduction of new customers. An analysis of the secondary reference group used by consumers in the purchase decision process indicates the possible personalities to be approached who may endorse a product or service in the advertisement copy. The secondary reference group like an opinion leader should be used in the communication programme in order to achieve maximum trickle down effect'.

Family is yet another influencer in the decision making of the customer. Marketers are interested in the roles and influence of the husband, wife, children and parents on the purchase of goods and services. Research shows that wives dominate decision regarding package holidays where as in decisions regarding investments it is husband dominated. It is the responsibility of the marketer to develop a marketing communication which may be directed differently, at the particular influencing personality at the different stages of the buying process.

C. Personal factor- Personal characteristics like buyer's age , life cycle stage, occupation, economic circumstances, life style etc. Influence the buyer's decision. The consumer's choice of goods and services change over their life time , due their age and life cycle stage. The food and choice of restaurant , the type of insurance required , the banking facilities, leisure and recreational facilities all change with age and the stage of their life cycle bachelor, married or retired stage.

A person's occupation and their economic circumstances have an influence on the goods and services bought. A worker may choose those services that offer just the basic benefit, but an executive may consider the special benefits offered in the service, though it may be expensive. Marketers must identify the occupational group that would be interested in their service and work out marketing strategies to communicate about their service to the relevant occupational group in order to induce positive buying motives.

Life style refers to the person's pattern of living expressed variables; interests and opinions. In other words, the attempt has to differentiate the consumers on the basis of the way they live and what they value most. The life style of people is becoming increasingly varied reflecting divergence in levels of affluence and flexibility of working pattern. Price is becoming less of a constraint. People buy luxury holidays and seek high-class cuisine and hotels if they get value for money. Personal attention and care of the provider is an important signal of quality.

Time is valued, so consumers prefer those products and services that save time, E.g. People using ATM to queuing in a bank, and private health schemes mean less waiting than public health care. The shorter working week, smaller families and earlier retirement give more opportunity and energy for leisure, increased eating out and travel.

D. Psychological Factor- The psychological determinants, motivation, perception, learning and beliefs and attitudes have significant influence in understanding consumers' buying behaviour.

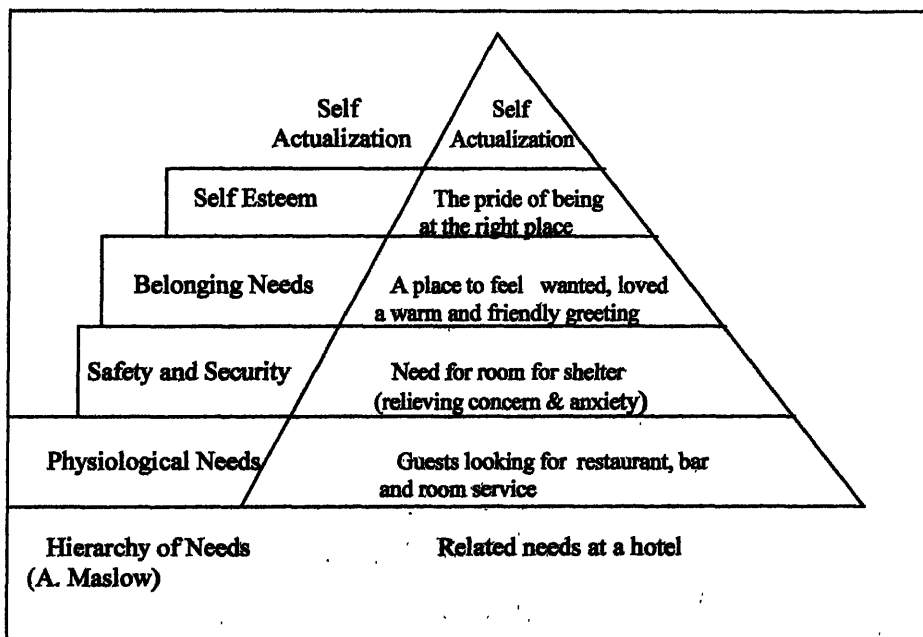
A motive or a drive is a need that is sufficiently pressing to direct the person to seek satisfaction of need. A person has a number of needs. But at any point of time only a few of these needs may be intense enough for a person to seek satisfaction of the need. Psychologists, Sigmund Freud and Abraham Maslow have explained the

theories of motivation. Maslow's hierarchy of needs shows the order of importance of the needs which must be satisfied to go to the next need. The following figure shows how the hotel service may use the "needs" theory of Maslow.

Perception is the process by which as individual selects, organizes and interprets information to create a meaningful picture to what he has seen or heard. The same stimulus can act in different ways on two individuals as they have different perception. Marketers need to create an understanding impression about their message as it may go unnoticed by the prospective customer. Learning theory suggests that a person's learning is produced through the interplay of drives, stimuli, cues, responses and reinforcement. The concepts borrowed from learning theory help the service firm in answering the following questions-

Fig. 3.16

Hierarchy of Human Needs and Related Needs at Hotel

Hierarchy of Needs (A. Maslow)	Related needs at a hotel
Self Actualization	Self Actualization
Self Esteem	The pride of being at the right place
Belonging Needs	A place to feel wanted, loved a warm and friendly greeting
Safety and Security	Need for room for shelter (relieving concern & anxiety)
Physiological Needs	Guests looking for restaurant, bar and room service

- How do customers learn about the services offered for sale ?
- How do they learn to recognize and recall these products and services ?
- What process they develop in buying and consuming habits ?

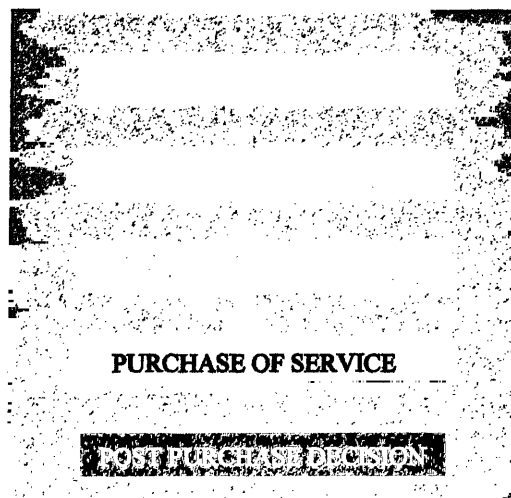
Thus marketers try to build up the demand for their products by associating it with strong drives, using motivating cues and providing positive

reinforcement. Thus buyer behaviours is a complex interplay of cultural, social, personal and psychological factors. The marketers need to identify the buyers who are interested in their products or services and develop a marketing mix which will attract strong consumer response.

BUYER DECISION MAKING PROCESS

The buyer behaviour is a process involving a series of related and sequential stages or activities. The process begins with the discovery or recognition of an unsatisfied need or want. This becomes a drive. Consumers begin a search for information followed by evaluation of alternatives and a purchase decision. In the post purchase behaviour the customer evaluates the purchase and the satisfaction he derives. The major difference between the customer evaluates the purchase and the satisfaction he derives. The major difference between the purchase of goods and service is that, the greater portion of evaluation of services succeeds purchase and consumption than in the case of goods. The intangible nature of service and the general inability of the consumer to check the quality of a service until after it is used/consumed adds to the importance of understanding the decision and evaluation process. The stages in the buyer decision making process can be shows as follows:

FIG. 3.17

Steps in buyer decision process

1. Problem Recognition- The buying process begins with the buyer recognizing a problem or a need. The need may be triggered by internal or external stimuli. The internal

stimuli, consists of one's normal needs hunger , thirst, etc. that rises to become a drive. From past experience the person learns to cope with this drive and is motivated towards a class of objects that will satisfy the drive. The need can be aroused by external stimuli. A person passing a bakery and seeing freshly baked bread stimulates her hunger. The intensity of the need will indicate the speed with which the buyer will try to fulfill the want. The marketer must identify the stimuli, which induces interest in the service and develop marketing programmes based on the stimuli. This close knowledge of customers can be found through marketing research, in its various forms.

2. **Information Search-** Aroused needs can be satisfied promptly only when the desired service is not only known but also easily available. When the consumers are not aware of the type of service that can best satisfy the need, how and where it can be secured, they will have to search for the relevant information. The consumer can get this information from many personal sources like family, friends, reference, groups , their past experience with the service firm etc. they may also obtain the information from the marketers, who provide this information through advertising, sales promotion etc. in order to provide guidance to the customer.

As a result of gathering information the consumer increases their awareness of the availability of the service and its attributes. The service marketer thus identifies the effective source of information and the importance of each source as it is critical in preparing effective communication to target customer. In purchasing services, the customers tend to rely to a greater extent on the personal sources as it bring out the personal experience in using these services. Moreover the customers perceive greater risk associated with purchased of service as services are intangible , non-standardised and are usually sold without guarantees. Most managers in the service recognize the influence of word of mouth communication in services and strive to capitalize to this.

3. **Evaluation of Alternatives-** With the available information the consumer evaluates the alternative services that satisfies his needs. The basic elements in the process of evaluation are-distinct service features, image of the service provider, quality and price. In the case of services the alternatives available are relatively smaller than the goods, because brand choice in services is limited, quality of service can only be experienced

and difficult to compare with other service firms and it is difficult to obtain pre purchase information of the service.

In evaluating the alternatives for the purchase decision, research indicates that the customers rank in the order of importance the factors that contribute towards the purchase decision. For example, the choice of a restaurant lies in the following key factors-food quality, menu variety, price, atmosphere and convenience. However research also indicate that the importance attached to these factors differed according to the purpose of visit to the restaurant.

In evaluating the alternatives for non-professional services like-housing cleaning, lawn care, baby care, the customer has a choice of performing the services by themselves or hiring the service provider to perform them. Thus the customer competes with the service provider in getting the service rendered. The major challenge for the service providers is to research customer expectations and demands in such situations and offer more personalized service to these customers in order to encourage them to choose the service provider than to perform the service by themselves.

4. Purchase of Service- After evaluating the alternatives the customer chooses that service provider who will be able to satisfy his needs. The purchase of service is an experience which, leads to the satisfaction of customer needs. Service production and consumption is a simultaneous activity. The service encounter involves the interaction of the service provider and the customer. The success of the service delivery depends on the service encounter. Therefore, apart from motivating the staff who deliver the service the service provider must also be aware of the moods and emotions of the customer and should attempt to influence those moods and emotions in a positive way. Many service factors can be used to influence moods-the ambience, and design of the physical setting, the process associated with the service delivery, limiting waiting time in lines, scheduling of customers, and training and motivating the staff who interact with customers.

Some times the presence of other customers during the service delivery may influence the service experience of the customer, e.g., airlines, restaurants, clubs and resorts. The service provider must anticipate, acknowledge, and deal with the heterogeneous customers who have the potential to be incompatible. The service provider

can also bring the homogeneous customers together and solidify relationship between them.

5. Post Purchase Evaluation- Although service is evaluated progressively, due to its special features a greater portion of the evaluation of the service succeeds purchase and consumption than in the case of goods. Only after experiencing the service the customer will be able to judge the service quality, in relation to his expectations and the actual service received. If the customer experiences a difference in the expected service and the actual service it results in dissatisfaction. In some cases like medical diagnosis, legal services, the customers may find it difficult to judge the service rendered even after receiving the service. The evaluation of the service received is further complicated by the role played by the customer in the delivery process. Customers attributes some of their dissatisfaction with the services to their own disability to specify their needs or failure to perform their part of the service, rather than blame the service provider completely. Thus they complain less frequently about the service than about goods.

COMPARISON OF CONSUMER AND ORGANISATIONAL BUYER BEHAVIOUR OF SERVICES

There are a number of reasons that can be identified to differentiate the process of buying for an individual consumer and industrial consumer.

- Organizations buy services for a variety of goals-profits maximization, reducing costs, meeting employee needs, and satisfying legal obligations, thus being more rational. While individuals buy services for their own needs satisfaction.
- More people are involved in the organization buying. There may also be wide range of influencers in the decision making process. Although there may be influences in the decision making for the individual customer the degree of their influence is relatively less.
- Organizational purchases are more likely to be based on formal routing like purchasing policies, constraints and requirements established by the organization. This does not apply to individual customer.
- The poor performance of service delivery might cause annoyance to a customer and may result in discontinuance of the service from the service

provider. But in the case of business buyer, it could lead to financial loss and non-achievement of their goals.

- In the process of reducing the risk of the organizational buyer, the service firm pays greater attention to the development of organizational buyer-seller relationship over a longer period of time. The service firm may resort to service bundling retain customers.

CHAPTER- IV

DIMENSIONS OF SERVICES MARKETING

- A. FINANCIAL SERVICES
- B. TOURISM
- C. LOGISTICS
- D. EDUCATION
- E. FAMILY PLANNING
- F. HOSPITAL

CHAPTER-IV

DIMENSIONS OF SERVICE MARKETING

A. FINANCIAL SERVICE

Financial services are an important component of the financial system. Financial services cater to the needs of financial institutions. Financial markets and financial instruments geared to serve individual and institutional investors. Financial institutions and financial markets facilitate functioning of the financial system through financial instruments. In order to fulfill the tasks assigned, they require a number of services of financial nature. Financial services are, therefore, regarded as the fourth element of the financial system. An orderly functioning of the financial system depends to a great deal on the range of financial services extended by the providers, and their efficiency and effectiveness. Financial services include the services offered by both types of companies- Asset Management Companies and Liability Management Companies. The former include the leasing companies , mutual funds, merchant bankers, and issue/portfolio managers. The latter comprise the bill discounting houses and acceptance house. Financial services not only help to raise the required funds but also ensure their services up to the stage of servicing of tenders.

In order to ensure an efficient management of funds, services such as bill discounting factoring of debtors, parking of short-term funds in the money market, financial services firms provide e-commerce and securitisation of debts are provided by financial services firms. Besides banking and insurance, this sector provides specialized services such as credit rating, venture capital financing, lease financing, factoring, mutual funds, merchant banking, stock lending, depository, credit card, housing finance, book building, etc. These services are provided by stock exchanges, specialized and general financial institutions, non-banking finance companies, subsidiaries of financial institutions, banks and insurance companies. These are regulated by the Securities and Exchange Board of India (SEBI), Reserve Bank of India, and Department of Banking and Insurance, Government of India, through a plethora of legislations.

Financial services contribute a lot to the efforts of speeding up the process of economic growth and development. A number of developed and developing countries

have achieved a rate of savings of 30-40 percent of the gross domestic product against the mark of 24 percent achieved in this regard by India. The financial services industry in India has to revolutionize its financial system in order to fill this yawning gap. Only them will the Indian industry, trade, commerce and domestic households be able to mobilize the requisite financial resources for capital expenditure and working capital. One of the challenging tasks before the Indian economy is to improve the availability of infrastructure to the investors, entrepreneurs, industry and business. A recent assessment contained in the Rakesh Mohan Committee Report points out that India needs about Rs. 350,000 corers at 1996-97 prices to assemble a modicum of infrastructure for the smooth functioning of its industrial, agricultural and services sectors. Both the Central and the state Governments are facing an unprecedented financial squeeze. The financial services sector could, therefore, be a torchbearer throwing light on the sources of funds, the quantum that could be mobilized from such sources, and quality of such portfolio which could be built up without endangering the national sovereignty and healthy financial management. Incidentally, it must be mentioned here that even during the worst patch faced by the Indian economy in the last couple of years, the financial services industry grew at a rate of 14 percent per annum. Financial services are meant to provide solutions to problems faced by the various components of the financial system, on the one hand, and introduce innovations to enable it to increasingly contribute to the process of economic development and growth, on the other through sustaining and building up investor confidence.

SALIENT FEATURES OF FINANCIAL SERVICES

Financial services differ in nature from other services. Financial services products stand on a different keel as compared to the products turned out by industrial enterprises. Some of the salient features of financial services are as follows: -

Customer-Oriented:- Financial services are customer-oriented. The providers of such services study the needs of the customers in detail to suggest financial strategies which give due regard to costs, liquidity and maturity considerations. The providers of financial services remain in constant touch with the market. They offer new products much ahead of need and impending legislation. They design both universal and firm-specific projects. The trend in the innovativeness of financial products clearly points out the concentration

of the providers of financial services on generating firm level projects. This is due to the fact that the present day firms happen to be different in terms of size, levels of output, profits and labour force. The businesses are organized as mono-plant undertakings or multi-unit enterprises.

Intangibility:- Financial services are intangible in nature. Unless the institutions supplying them have a good image and confidence of the clients, they may not succeed. Thus, they have to focus on quality and innovativeness of their services to build their credibility and gain the trust of clients.

Inseparability:- The functions of producing and supplying financial services have to be performed simultaneously. This needs a perfect understanding between the financial services firms and their clients. The degree of inseparability depends on the type of service and the actual supplier. Whilst the service will frequently be inseparable from the service provider, such as the quality of service received by a customer visiting their bank to pay some bills, the situation is frequently less clear. Many everyday transactions carried out now via automated services-the automated teller machines (ATMs) which are now so familiar. Because access to these systems has broadened to allow use of any particular machine by customers of other institutions, the customer will often not be dealing directly with their own providers.

Perishability:- Financial services, like any other services, cannot be stored. They have to be supplied as required by customers. The providers of financial services have to ensure a match between demand and supply.

People based Service:- Marketing of financial services is people-intensive and , therefore, subject to variability of performance or quality of service. The personnel in financial services organizations need to be selected on the basis of their suitability , and groomed for the activities to be performed. Financial services marketing needs to have not only people-orientation but also process orientation.

Dynamism:- Financial services have to be constantly redefined and refined on the basis of socio-economic changes such as disposable income, standard of living and educational changes related to the various classes of customers. Financial services institutions while evolving new services could be proactive in visualizing in advance what the markets want, or reactive to the needs and wants of customers. Many areas identified above are

not unique to financial services but must be taken into consideration when planning effective marketing programmes. Other similar characteristics include the following:-

- The importance of advertising in creating strong brand image and positioning.
- Distinct market segments and the use of target marketing, especially in growing markets.
- Increasing price sensitivity and heavy price competition (for example, car and home insurance, bank and credit card charges).
- Growth in the importance of customer care in service differentiation.

MARKETING MIX OF FINANCIAL SERVICES

The challenges facing the financial services industry mean that greater emphasis than ever before must be placed on developing and implementing successful marketing programmes to create and foster a customer orientation. True differentiation of financial products is virtually impossible to achieve because they are intrinsically the same, offering similar benefits and services to consumers. The degree of substitutability between brands is correspondingly very high at the outset. Once a financial product has been sold, however, the customer is frequently tied in over a long period and may even face penalties if they wish to change supplier or if they wish to discontinue the service. The key objectives for financial services providers are:

- Attracting customers in the first place
- Retaining customers through high levels of client satisfaction and by providing a portfolio of financial services to meet their changing needs over time.

Product- There is little or no room for innovation in product design due to the ease by which competitors can make similar offerings, for example, by altering changes or interest rates to meet those of competitors. Additionally, many financial services are affected by other restrictions, such as government directives relating to income tax and investments or constrains on the amounts, which can be invested. Differentiation, therefore, can best be achieved through the other elements of the marketing mix. Current accounts are dominated by banks , although the building societies' share of this market in which they could not compete until recently is growing. They hold the majority of mortgage accounts, however, but this stronghold is increasingly under pressure from banks.

Price- The price in financial services terms relates to the costs involved to the customer in say, bank charges or credit card interest rates. These prices seem to evoke low levels of customer sensitivity as many customers enjoy 'free' banking, by maintaining their current accounts in credit for example or paying their credit card balances off each month. The introduction of new charges, however, such as the annual credit card fee had a noticeable effect initially, however, and sparked off competitive reaction from lenders prepared to offer cards with no annual charge. Price also relates to the value of the product to the customer and as such, can be highly sensitive. This can be in terms of interest rates charged on a mortgage, where reductions in interest for first time buyers or preferential rates for existing customers of other services are standard promotional tools in the industry , representing a form of discounting. The rates of return offered to investors is another element of the price and different products within the range are frequently priced at differential rates, to attract long-term savers or large lump sum investors, for example. Pricing can therefore be used to differentiate the offering and is likely to be used by customers in selecting a service.

Promotion- Major advertising campaigns are undertaken continuously by banks, building societies and other major financial institutions such as insurance companies. The main purpose of the advertising is to strengthen awareness of the brand and company image and to inform the market about the services available. The trend has also been towards developing more below-the-line promotional activities using highly sophisticated databases to target direct mail campaigns at distinct market segments and using publicity,

sponsorship and other promotional means. Successful advertising campaigns have contributed to the growth of First Direct's market share although advertising has been used creatively to attract interest but not sell the service. That has been done through personal selling over the telephone once the initial enquiry has been made and staff skills and customer care have been developed to enable a strong personal selling strategy to work.

Another area where personal selling is a strong tool is in the area of insurance products and the emergence of 'banc assurance'-the product offered through links between banks and insurer, commonly with banks as the controlling partner. The insurance organization's expertise in personal selling and the strong customer loyalty and extensive customer base of the banks make for synergy in business development. The importance of personal selling is now widely recognized and many institutions offer home visits by financial advisers.

Place- Place or location has always been regarded as critical in retail financial services where high street positions are maintained by most of the large institutions. For transaction services where regular and frequent branch contact is require this can be important. First Direct, however, the telephone banking service, has proved that a bank without branches is possible though its customers still need access to convenient ATM outlets. Some consumers prefer personal, face-to-face.

FINANCIAL SERVICES IN INDIA

The financial services industry in India is the process of attaining full bloom. To reach the present position, it has passed through a number of stages . These steps are as follows :-

The stage of Infancy - This existed between 1960 and 1980 and covered in its gamut merchant banking, insurance and leasing services. Merchant Banking Services were unknown until the early 1960s. The policy makers and researchers had a lack of clarity about the term "merchant bankers". Someone defined them as institutions which were acting neither as merchants nor as bankers. However the term was used as an umbrella function, providing a wide range of service, staring from project appraisal to arranging funds from bankers. The merchant bankers are expected to identify projects, prepare feasibility, financial, and technical analyses. Having done this, they are approached to

garner project finance, and in order to do this resolve the problems of capital structuring. They are asked to act as a bridge between the capital market and the fund-seeking institutions. They underwrite the issue and become subject to developments in case such issues are not fully subscribed. They assist the enterprises in getting listed on the stock exchanges. They offer legal advice on registration of companies and removing legal tangles. They provide advice and help in mergers and acquisitions. They give technical advice on leveraged buyouts and takeovers.

Recently they have added the syndication activity in their portfolio, wherein they form a syndicate or become a part of it to raise project finance. They arrange working capital loans and manage the risk element present in the form of general risk, which is covered by the insurance policies of the General Insurance Company. Investment companies such as the Unit Trust of India, the life insurance business initiated by the Life Insurance Corporation of India, and the general insurance business also made their mark in the first stage of financial services. The Life Insurance Corporation of India has grown as a public monopoly. Prior to its setting up the private sector was operating the life insurance business. The general insurance business was nationalized in the early 1970s. A holding company was set up with four subsidiaries to handle the general insurance business in the public sector. Suggestions have been made very frequently to privatise the insurance business as in no way could the insurance business be considered as a national monopoly.

Leasing made its mark in the closing years of the 1970s. Initially such companies were engaged in equipment lease financing. Later they undertook leasing operations of different kinds, including financial, operating and wet leasing. The number of leasing firms has shot up to a high of 400. The reorganization of such firms due to their non-viability later led to a contraction in their numbers.

The Second Stage- Financial services have entered the second rung during the later part of the 1980s. Over the counter services share transfers, pledging of shares, mutual funds, factoring, discounting, venture capital, and credit rating, constitute some of the modern financial services. In the west, these services emerged on the scene about 100 years back. The mutual funds business is the major provider of funds to industry anywhere in the developed countries. The mutual funds there have been innovative in terms of schemes.

They have been giving a stable rate of return. Their asset and liability management is transparent. The small investor is secure in their hands. Their business policies are such that they create value for their investors. Investors are not victimized by shifts in valuation policies, and efforts are made to harmonize the net asset valuation. The mutual funds have their own code of conduct.

Credit rating is another important financial service which made its mark in India in the mid-1980s. It boosts investors' confidence in capital market operations and prevents fly-by-night companies from making forays in the capital market. There was credit rating company initially and we have ended up with four finally. In terms of spread of the credit rating functions, initially only debt instruments issues were covered. However later, instruments such as commercial papers and fixed deposits were brought under the purview of credit rating. Incidentally, there is a sovereign credit rating assigned by credit rating firms for the country. The Discount and Finance House of India Limited and a number of factoring institutions, such as State Bank of India Factors and Can bank Factors Ltd. Venture capital funds made their appearance in the late 1980s. -Most of these firms have been operating in the public sector.

The Third Stage- The third stage in financial services includes the setting up of new institutions, and paving the way for innovating new instruments and also their flotation. The setting up of depositories is one measure, which will bring the Indian financial services industry in line with the global financial services industry. It will promote the concept of paperless trading and will result into dematerialization of shares and bonds. Steps are afoot to set up the first depository in the public sector. Many financial institutions are finding the business lucrative and are, therefore, proposing to set up such depositories. There are some firms, which intend to adopt this as their global face. Reliance Industries has hired off this function to US-based firms. The stock-lending scheme approved by the Central Government in 1997-98 budget and the setting up of a separate corporation to deal with the trading of the "Gifts" are innovative measure. The steps initiated to popularise book building is likely to help both the investors and fund users a lot. The online trading interface by the Bombay Stock Exchange, the Delhi Stock Exchange, and computerisation of the National Stock Exchange, is acting as the fulcrum

for the development of financial services and is another major advancement in the field of financial services.

The creation of the Securities and Exchange Board of India itself can be hailed as a path-breaking development in terms of regulation, growth, Income-Tax Act and the Foreign Exchange Regulation Act would also lead to the deliverance of effective financial services. The recent guidelines about permitting foreign financial institutions to operate in the Indian capital market will do a two-way good to the country in terms of enabling the foreign investors to plug into the Indian capital market, and the Indian investors and financial institutions to study the modus operandi of such firms. In this context, the Government of India's steps of bringing down the taxes on the capital gains for the foreign financial institutions to 10% and including even the non-resident Indians within the scope of the foreign financial firms, could be considered a very healthy step. Permitting mutual funds to exercise voting power ought to strengthen them.

Public enterprise disinvestments are sure to prop up the state-of-art in the realm of financial services. It would provide a fillip to the presence for foreign financial firms in India, as well as result into creating pressure on the Indian financial firms to master the disinvestments business. The financial services firms would have to gain expertise in valuation, financial and legal restructuring, and taking the public sector firms to the commercial and capital markets. Financial services firms are now scouting for funds abroad to finance the Indian corporate sector. They have approached the European capital markets the most prominent of which belong to the UK and Luxembourg. These portfolio investments have flowed to India through the GDR route. This is an excellent development. It requires an understanding of raising funds abroad and also working together with world-level financial services. Further, the financial services firms will have to change their approach from syndication to risk finance so far as the mobilization of funds from foreign markets is concerned. They will have to also learn the nuances of the various sources and types of bonds issued in the foreign financial markets.

MODERN FINANCIAL INSTRUMENTS

The new financial instruments are both being talked about and are also being used. The critical factors governing the chemistry of the issuance of the new financial instruments relate to maturity, risk, and interest rate. Based on these , in

Germany some 400 financial instruments have been innovated . When the Indian economy is trying to become global in nature, the fluctuations in the rate of foreign exchange would be a routine matter, and hence there would be a need for currency, interest, and commodity-based derivatives.

Some policy issues

Both the width and depth of financial services in India need to be enhanced to meet the global challenges in the 21st Century. As per the agreement signed with the World Trade Organization, India has to open up its financial services by the middle of the first decade of the 21st century. There is a need to attend to policy issues affecting the growth of both the general and the specialized financial services. Such an initiative would result in making our financial services firms competitive. The various policy issues are as:-

- ***Funding :-*** Most of the financial services institutions have been set up as subsidiaries by the large commercial banks and the financial institution. Such subsidiary institutions were obtaining funds from their parent institutions at rates of interest lower than the market rates which enable them to operate economically with adequate margin. This gives them a competitive advantage over their counterparts in the private sector. This scenario is undergoing a sea change. The parent institutions under the regime of financial sector reforms and regulations have to raise funds at a high cost, which has resulted in adding to the cost of funds of the financial services subsidiaries. Competition for accessing funds from the capital market is also increasing as a number of private sector enterprise as well as some foreign companies, have entered the industry and are competing for funds. The financial service firms will have to design new financial instruments with attractive features and deploy the available funds in the most profitable propositions.
- ***Broadening the Scope of Financial Services :-*** There is a need to broaden the framework of scope set up for the various financial services. The scope of venture capital operations in India has been restricted to provide finance for start-up, high-tech projects and to converting R&D efforts into commercial production. Venture capital funds in India are not eligible to invest in the services sector. There is no reason why such funds should not provide assistance under a variety of situations,

ranging from supplying the seed capital for expansion and growth, buyouts, turnarounds, mergers and acquisitions, etc. They should also not necessarily equate high risk with high technology projects. Any novel ideas having high growth, high risk potential deserve their attention. Similarly, the lease financing should not be restricted to operating and financial leases. Leasing companies could play a great role as financial intermediaries. They could engage themselves in investment operations by making funds available in a less customary and speedy way. The mutual funds could diversify to bring within their gamut money market operations and extend their activities beyond the Indian frontiers.

- ***Increasing the Variety of Services :-*** The financial services firms need to increase the width and depth of the range of products offered by them. For instance, the venture capital funds could offer a number of tailor-made financial packages to satisfy the needs of entrepreneurs. Such funds need to be more imaginative in designing innovating financial instruments. The Government could supplement their efforts by permitting them to issue non-voting shares which could eliminate the fear of the enterprise so funded that they could be owned and controlled by the venture capital owners. The Government should also allow a buy-back of their shares by the companies, which would help the venture capitalists to offer innovative equity based financial instruments. The Government could make lease financing more popular by introducing a tax shield system, allowing tax exemptions to increase commensurately to the lease period. The leasing firms need to provide leasing facilities for a variety of capital equipments. It is necessary to ensure that leasing companies are not created merely to trade in tax shields at Government cost. They should provide real advantages to boost with-course and non-recourse financing. Merchant banking organizations would have to cultivate managerial and marketing skills to exploit the opportunities offered by a number of mergers and acquisitions.
- ***Institutional Mechanism:-*** The range and magnitude of financial services required is very vast by any count. Besides permitting the existing financial institutions, banks and insurance companies to open full-fledged subsidiaries, it is suggested that these could be delivered by the non-banking finance companies and foreign financial institutions. The financial services firms need to follow the principle of transparency.

They should disseminate information about their working regularly which should divulge details regarding their efficiency and effectiveness.

- *Separate Legislation :-* Like in the UK, there is a need to enact a separate legislation on financial services in India. Such , legislation should clearly spell out the obligations of the providers of financial services, the rights of investors, grievance handling mechanism and procedures, and the role of the various regulations. The P.K. Kaul Committee set up by the SEBI has suggested a separate legislation for mutual funds on these very lines. The Mutual Funds Act may combine the provisions of various Acts setting out the rights and responsibilities of trustees. A simple Act would provide a uniform regulatory framework for all mutual funds, including the Unit Trust of India.

FINANCIAL SERVICES BY BANK AND INSURANCE

Financial services is an essential segment of financial system. Financial system facilitates the transformation of savings of individuals, government as well as business into investment and consumption. It consists of financial intermediaries, financial markets and financial assets. A vibrant and competitive financial system is necessary to sustain reforms in the structural aspects of any economy . Financial system in India has made commendable progress in extending its geographical spread and functional reach. Nationalization of commercial banks in 1969 gave a new direction to timely and adequate credit support for viable productive endeavour especially in agriculture and small sector. Alongwith the quantitative expansion and functional diversification of the banking system that lasted few decades witnessed a significant expansion of the activities of development of financial institutions for investments, especially in private sector. A significant fact in the operations of the institutions is that they have , on the basis of assured sources of funds, also provided credit at relatively stable lending rates. It inculcated debt culture in the corporate sector thus increasing dependence on these institutions. They also invested in equity of the private corporate sector through either conversion clause or underwriting commitments. Specialized financial institutions emerged in the Indian financial system to cater to the financial needs of sick industrial units, export finance, rural development, etc. These institutions include IFCI, IDBI, ICICI and IRBI . Insurance companies also played a prominent role in

resource mobilization and directing investments in productive areas. Non-bank private financial organization also have been in operation but their role in Indian financial system has not been very significant. These operate as hire-purchase, leasing, investment and finance companies.

In the changing economic scenario, with increase in financial deregulation and industrial liberalization, the role of the financial sector is increasing manifold. The financial service sector has thus emerged as the fastest growing industry. With the one set of liberalization process, several new institutions have appeared on the financial scene. These institution like merchant banks, leasing companies , factoring companies and mutual funds, etc., have expanded the range of financial services available.

FINANCIAL INNOVATIONS

Banks, investment companies accounting firms , financial institutions offer numerous financial services to business concerns. A few financial innovations/services which are emerging as potent instruments at the disposal of commercial banks and investment financing institutions in India are as under :-

- Merchant Banking
- Leasing
- Mutual Funds
- Factoring
- Credit Cards
- Credit Rating
- Commercial Paper
- Housing Finance
- Venture Capital

The banks and insurance companies are rendering all the above service either on their own or through subsidiaries and making very significant contributions.

Merchant Banking Services - Merchant bankers are financial intermediaries. They act as intermediaries in the process of transfer of capital from those who own it to those who use it. But they do this with a difference. The main strength of merchant bankers is not provision of finance but providing the whole range of inputs of innovative financial services, technical and managerial knowledge and competence and expert advice on legal

and industrial matters needed by the user of funds for establishing a new industrial unit or for diversifying/modernizing running industrial unit or for merger/acquiring another industrial unit or for entering into a foreign collaboration/launching of a joint venture abroad.

Merchant banking business in India developed on the traditional European pattern and remained till recently as an adjunct to the main business of loan operations of commercial/ Development banks. Grindlays Bank was the first to open a Merchant Banking Division in 1967. After that many other institutions joined, notably , the State Bank of India. Merchant banking divisions of commercial banks have been active in a narrow range of traditional merchant banking activities akin to or arising out of their major commercial banking business .

With a view to strengthening the organizational and managerial capabilities, broadbase the resources position, enlarge the scope of operations and activities and to offer more specialized services with professional expertise, the erstwhile Merchant Banking Divisions of the nationalized banks have started forming independent subsidiary companies. The first of such subsidiary company was formed State Bank of India known as SBI Capital Markets Ltd.

Development banks, the IDBI, IFCI and ICICI are involved in the primary securities market due to their function of underwriting of issues of new industrial projects financed by them. They also subscribe to shares and debenture issues supporting expansion and diversification plans of companies. While development banks are active in the primary market, the GIC, LIC and UTI operate in the secondary market. These institutions inspite of their more than two decades of existence- are neither a dominant outlet for savings of the household sector nor a major source of finance for industrial units.

Leasing- Recently the tendency of the commercial banks and other financial institutions to act as leasing intermediaries and to dominate the lessors market is increasing dramatically. The important reason, perhaps, is the ability of the financial institutions (because of their high profitability and relatively high tax brackets) to exploit the attractive tax concessions.

The modern concept of financial leasing was pioneered in India during the year 1973 by setting up of "First Leasing Company of India Limited" in Madras "monopoly" for a period of six years. During the first six year the company had a business of Rs.26 crores and gross profit of the company formed 93 per cent of its total income. "20th Century Leasing Company Limited" set up in 1979 had done a total business of Rs. 500 lakh during the first three years. The gross profit of this company also formed 92 percent of the total income.

With the entry of "Sundaram Finance Limited" into leasing business, many other companies like MGF Limited, Goodwill India Limited, The New Indian Industries Ltd, etc., diversified their finance and hire purchase business by starting leasing activities. Several financial institutions also started taking been interest in leasing operations. Apart from the private leasing companies, the banks and financial institutions also started participating in the leasing business. With a view to encourage healthy growth of lease financing activity in India, RBI has issued policy guidelines in respect of the role of commercial banks in this regard.

The Industrial Reconstruction Bank of India (IRBI) and Industrial Credit and Investment Corporation of India (ICICI) entered the lease market during August 1982 and March 1993 respectively. The Industrial Development Bank of India (IDBI) also entered the leasing venture in the year 1987-88. It sanctioned a sum of Rs. 14 crores towards the leasing business during that very particular year. This amount reached to Rs. 86 crores in the year 1988-89. On April 1, 1988 , the commercial banks were also permitted to transact leasing business through their subsidiaries. Several commercial banks have decided to enter the field of leasing by promoting leasing subsidiaries or by making portfolio investment in existing or newly set up private leasing companies. The banks are in an advantageous position to recover lease rentals in time, which is not so in case of other leasing companies. The SBI, CANFIN and PNB CAPS have done a business of Rs. 5564 lakh during the first year of their operations, (PNB Rs. 3703 lakhs, SBI Rs. 427 lakhs and CAN Rs. 1434 lakh).

Mutual Funds- Mutual funds originated in the UK during the last century essentially as a means for mobilizing household savings for housing finance. Now these are important elements in the development of capital markets worldover. Mutual Funds is an ideal

alternative for small saver who is handicapped with inadequate resources for diversified portfolio, lack of time, expertise and market knowledge. The first Mutual Fund in India was established in 1964 by UTI, but the movement gained momentum only in 80's. Now the Indian money market is flooded with mutual funds catering to the needs of varied interests of savers. The Abid Hussain Committee recommended opening of mutual funds to the private sector in tune with the experience of the Western countries. As a result, various mutual funds have Mutual Fund, Birla Mutual Fund, JM Mutual Fund. The enormous growth of mutual funds compelled the government to issue guidelines under the set up of SEBI to regulate the same for their healthy growth on prudential norms.

With a view to provide an additional short-term avenue to investors and to bring money market instruments within the reach of individuals and small bodies, the RBI has proposed a scheme for a new type of Mutual Funds by scheduled commercial banks and their subsidiaries. The Mutual Funds are being governed by RBI and SEBI (MF) Regulation, 1993. SEBI has revised its guidelines for money market investments by mutual funds to give it more flexibility.

Factoring- RBI constituted a study group in January 1988 to examine the feasibility of starting factoring organizations in India. RBI accepted its recommendations in principles in 1989 . Vaghul Committee and Kalyana Sundaram Committee recommended for the introduction of factoring services in India. Factoring is a business activity where in the Factor (a bank) purchases the receivables of the sellers of Goods (clients) and reimbursement is obtained later on from the buyer and sellers of small scale and medium industries. The first factoring company in India was SBI commercial & Factoring Services Ltd.. (July 1991). CAN Bank Factoring Ltd., were set up in August 1991 followed by RNB factoring Ltd. With the introduction of factoring services it is expected that the commercial banks factoring services will be able to meet the requirement of the small sectors scale and exports units in the country.

Credit Cards- Under Credit Cards system credit is accommodated to the card-holders for a specific period of time without obtaining any security. The credit card service has been introduced as an integral part of better customer service and the bank is also able to make increased earning by way of commission from dealers and interest on credit offered.

A; Credit Card organization enters into an agreement with several establishments of the different parts of the country and even of other countries to provide goods and services to the Credit Card holders. This service also provides emergency cash facilities through banks or Automatic Teller Machine (ATM). The ATM facility is popular with the customers as All-Time Money facility. Central Bank of India was the first bank in India to introduce Credit Card System in August 1980, and was followed by several other banks.

Credit Rating- Establishment of Credit Rating Agencies forms an important step in the process of financial reforms. In India four rating agencies have been set up so far. These are : **First-** The Credit Rating Information Services of India Limited (CRISIL), **Second-** The Investment Information and Credit Rating Agency of India Limited (ICRA) and **Third-** The Credit Analysis and Research Ltd (CARE) and Duff & Phelps Credit Rating (P) Ltd. (DPCR).

CRISIL was promoted in 1987 by the Industrial Credit and Investment Corporation of India (ICICI) and Unit Trust of India (UTI). Other shareholders include

the Asian Development Bank (ADB), LIC, SBI, HDFC, GIC and 20 other banks. The ratings provide a guide to the investor. However, it is not a recommendation to invest or not to invest. CRISIL rates debentures, fixed deposit programmes, short term instruments like commercial paper, structural obligations and preference shares.

The ICRA has been promoted in 1991 by the Industrial Finance Corporation of India (IFCI) Life Insurance Corporation of India (LIC), SBI and 17 other banks. The primary objective of ICRA is to provide guidance to the investors/creditors in determining the credit risk associated with a debt instrument/credit obligation. The ratings are not Debentures, Bonds, Preference Shares, fixed deposits and short term instruments like commercial papers etc.

Commercial Paper- Financial disintermediation has been gaining momentum in the Indian economy. The Reserve Bank has been giving a definite direction to this trend through its policy initiatives. The introduction of Commercial Paper (CP) from January 1, 1990 has been one of the important policy initiatives of the RBI and it intends to bring the high credit-worthy corporate borrowers and the investors into direct contact through the scheme of commercial Papers (CPs). Commercial Papers are issued by the public utilities, insurance companies, bank holding companies and finance companies, etc. Purchasers of CPs are banks and non-banking financial institutions. The position of banks is quite significant in the market for commercial papers because in addition to being an important buyer, they also act as agents in issuing, holding of commercial papers and provide credit to firms, which issue commercial papers.

Housing Finance- Commercial banks have entered into Housing Finance to facilitate middle and low income groups purchase or construct houses or flats. Setting up of NHB in 1988, an apex body for housing finance has given a boost to banks. Banks like SBI, Canara Bank, PNB, have already set up separate subsidiaries for housing finance. Housing Finance while opens up a new era for business so far as the banks are concerned, it is also of great significance from the point of view of social justice.

The Canara Bank sponsored a Housing Finance Company, Canfin Homes Ltd., in 1988, it has its branches in more than 22 cities. The purpose of setting up these companies is to help people to own their homes. LIC set up a Housing Finance Company

namely LIC Housing Finance Limited (LICHFL) in 1991 with its two schemes namely – first- Jeevan Kutir and second- Jeevan Nivas.

Venture Capital - Venture capital is the response of invisible funds to capitalize on an opportunity to earn very high returns as compared to conventional security backed lending, by enabling high risk but high promise projects to realize their full potential. The growth of venture capital is typically the response to the demand created for more risk-bearing funds to finance commercialization of new technologies and innovative market solutions. Venture capital industry in India is of recent origin. In 1986 the Government of India enacted Research and Development Cess Act, prescribing collection of a cess of 5 percent on all payments for import of technology with the idea that the funds thus collected will be used for venture capital to be operated by the Industrial Development Bank of India. The Canbank Venture Capital Fund was established by CanFin and Canara Bank. The Credit Capital Venture Fund (CCVF) was the first private sector venture capital fund to be set up, followed by the Twentieth Century Venture Finance. Some public sector banks also have undertaken Venture Capital financing through their subsidiaries. Canbank Financial Service Ltd. (Canfina), a subsidiary of Canara Bank, SBI Capital Markets Ltd. (SBI Caps), a subsidiary of State Bank of India and India Investment Funds and Financing Projects of Grindlays Bank have started operations in this direction.

NEW CHANGES IN FINANCIAL SERVICES

Since the volume of international business and capital flows are increasing, hence the commercial banks are likely to be exposed to different types of risks and there is a need to hedge these exposures. The emerging derivatives in foreign countries are increasingly used by banks to bring variations in the sensitivity of their funds and also the underlying portfolio. It is the right time that forex dealers, especially the commercial banks, in India, familiarize with the complexity of these instruments and acquires skills to manage these emerging challenges. Establishment of foreign banks and non-banking companies have played very key role in introducing the technology cult in the financial sector in India. In the light of the diversified product range the banks and financial institutions are offering to public the various types of financial services in a global perspective. Hence, in the aspiration towards becoming major player in the

modern financial service sector, commercial banks and various investment institutions will have to evolve appropriate strategies for technology integration for providing faster and efficient financial services.

The pension funds are playing a very important role in U.S.A. and other European countries in ensuring channelising of savings into fruitful diversified investment portfolio. Different types of financial services are being provided by these pension funds. The aim of financial sector reforms in India has been to encourage the foreign institutional investors to invest in India and it is hoped that in the changing global business scenario, more and more pension funds will enter in India to provide wide variety of financial services. Presently some of the investment schemes in the name of pension funds investment have been started by IDBI, ICICI and by some other financial institutions.

EMERGING DIMENSIONS

Over the years, with the changing scenario in Indian economy , new challenges are emerging, which the banks have to face with suitable strategies. The major challenges in the nineties relating to investments and other financial services are likely to be in the following areas :

- growing importance of the corporate sector and its diversifying need;
- development of capital markets, the disintermediation phenomenon and their impact on commercial banks;
- development of factoring and commercial paper;
- need for export promotion and disintermediation in international business and
- universal banking.

The number of financial institutions in public sector that provide financial services is rather large. Overlap and duplicity reduces cost effectiveness and output efficiency. There is a need for allocative planning regarding 'who should do what'. The selection should be based on some past performance linked efficiency criteria. These then should compete with private sector freely under minimal government control to check only illegal/unethical practices. Much of the existing finance theory is based on the assumption of perfect capital market. But the existence of a few large agencies of

financial services in India characterizes an oligopolistic market structure. This opens up new which will be relevant in the present day context.

Banks and term lending financial institutions have been doing a commendable task in the field of merchant banking service especially for large and medium size units. These agencies can also provide services to bigger projects for entering in joint venture abroad besides promotion and syndication of projects, investment management and advising services. The Merchant Banking activities may change in description of coverage in line with changing needs. The Merchant Banking profession requires new response in education and training confirming to the dynamism of the change. Professional development programmes have got to be reshaped to enable Merchant Banks to render more specialized services. Financial Institutions in India should actively contribute towards venture capital facilities for accelerating economic activity, particularly by the small corporate firms having assessed prospects for their future growth potential.

B. TOURISM

Tourism is a major industry throughout the world today. Developments in international travel mean that more people travel further, and more frequently, than ever before. Tourism is also an industry operating on a massively broad scale; that is to say, it embraces activities ranging from the smallest seaside hotel, for example, to airlines, multi-national hotel chains and major international tour operators. The travel agency business together with holiday shops, which deal exclusively with package holiday. However, tourism marketing concepts and strategies focus on certain unique characteristics of the tourism industry, which are relevant to all tourism service providers. Tourism as a service industry comprises of several allied activities, which together produce the tourism product. The major players in the industry are (a) tour operators and travel agents; (b) accommodation sector (hotelling and catering) and (c) passenger transportation. According to international estimates, a tourist spends 35% of his total expenditure on transportation, about 40% on lodging and food and the balance 25% on entertainment, shopping and incidentals. Tourism is considered as one of the fastest growing industry in the world and in India, it is the largest contributor to our foreign exchange resources.

Tourism is an infrastructure-based service product. The nature of the service marketed being highly intangible and perishable, offers a limited scope for creating and maintaining the distinctive competitive edge. It is here that systematic marketing holds the key to bringing back the tourist (guest) as a friend as also in getting the best out of the existing tourism resources. Effective marketing of tourism needs constant gearing up of the infrastructure to international standards which also presupposes its co-ordination with the tourism suppliers. In strategic terms, it calls for the adoption of an integrated approach to management and marketing tourism. And, in operational terms, it means the implementation of a better defined, better targeted market driven strategy for realizing the planned societal goals as well as that of the supplier organizations. Cashing on the tourist potential leaves the cash boxes of those related with this industry ringing. They have to work hard towards ensuing customers loyalty over the years.

THE TOURISM INDUSTRY

The tourism industry has traditionally comprised four main and distinctive sectors-

- Transportation
- Accommodation
- Tour Operators (travel agencies represent a subset of this sector)
- Tourism Destination Operators

Transportation- The range of airline services has increased considerably, not only in terms of frequency of flights and number of destinations, but also in terms of different services, and differing levels of service to meet different passenger needs. This shows the important role marketing plays as competition and demand intensifies. Passenger rail services have also changed, and their role in tourism is wide as with for example, Eurorail tickets allowing extensive international travel at a basic (service) standard for students and budget tourists, to the luxury of the Venice-Simplon Orient Express- where the train voyage is the holiday.

Cruise lines are operating different services tailored to consumers' budgets, and other shipping lines involved in the tourist industry, especially the car ferry operators, are broadening and upgrading their range of service and facilities to meet

consumer expectations, and to remain competitive. Coach and bus companies, have acted in a similar fashion and these, together with car rental companies, are also included in this sector.

Accommodation- Accommodation includes hotels, ranging from the biggest international chains recognizable worldwide such as Hilton and Holiday Inn to small independent establishments. In order to gain recognition in an increasingly competitive marketplace, many smaller independent hotels have grouped together, adopting a consortium approach. Under a central brand name, they can offer central reservations services for example, and present a recognizable identify to consumers which enables them to compete against the larger, more established chains.

Tour operators- Tour operators are the firms, which specialize in providing the whole holiday package, incorporating travel and accommodation needs for the consumer. They range form highly specialized operations such as Abercrombie and Kent who take small groups on safari or expedition-type holidays, to large operators offering services at all different levels to cater for budget, family, or singles holidays to 'near' or 'faraway' destinations. Thomas Cook is one of the best known of such operators; they also offer travel agency and financial services to their consumers. An independent local coach firm may also be a tour operator, and indeed many transportation companies also offer holiday packages.

Tourism Destination Operators- This is a new category in many senses, as it is an area of the tourism industry, which has seen massive growth in the development of theme parks and other types of artificial tourist destinations in recent years. However, Disneyland and Disney world in America were the forerunners of this development in tourism marketing and they have been well established for decades. It is due to the recent growth, and the continuing trends, which make it an area which should be considered separately as a tourism industry. The new EurroDisney theme park in France is an example of a tourism destination operation. On a smaller scale, heritage parks which are being developed from Britain's industrial wasteland such as Wigan Pier, which attracted over half a million tourists in 1991, and similar attractions now represent a significant amount of tourism activity[1].

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[1] Woodruffe, Helen, Service Marketing, Macmillion India Ltd., 1997, page-229.

CHARACTERISTICS

The major characteristics which distinguish the tourism industry from other service providers are :-

1. **Inflexibility-** The tourism industry is highly inflexible in terms of capacity. The number of beds in a hotel or seats on an airplane is fixed so it is not possible to meet sudden upsurges in demand. Similarly, restaurant tables, hotel beds and airplane seats remain empty and unused in periods of low demand. The seasonal nature of tourism activity exacerbates this problem.
2. **Perishability-** Tourism service products are highly perishable. An unused hotel bed or and empty airplane seat represents an immediate loss of that service as a means of earning profit. This has an impact on overall industry profitability.
3. **Fixed location-** Tourism destinations are fixed locations so effort must be concentrated in communicating the facility to the potential consumer. A consumer can conveniently watch a Hollywood movie at the local cinema but has to be persuaded to travel to India to see the Taj Mahal.
4. **Relatively large financial investment-** Every modern tourist establishment and facility requires large investment, frequently over a long time scale. This means that the level of risk and the rate of return are critically important to tourism management.

A number of other factors influence growth in tourism activity. There has been massive growth in international business giving rise to growth in international travel and hotel accommodation. The concept of the 'global village' where destinations worldwide have become much easier to get to has led to a far higher amount of long distance travel, both by business travellers and tourists. Overseas conferences, trade fairs and exhibitions have become common place. Consumers in most developed countries are enjoying greater amounts of leisure time and relatively high levels of income, so can choose to travel more often. Holidays are very 'public' goods, which means that they carry a status value in the consumer's perception. Airlines provide business travellers with a range of higher-grade services which appeal to their status.

There are a number of reasons why consumers seek tourism services, and these factors also influence the demand for such services, and how the consumer make a

buying decision. The range of motivational factors which influence consumer choice include leisure and recreation, sporting interest, social interests such as family reunions or visits to friends, religious factors (pilgrimages, visits to place of religious significance) and business needs. Understanding consumer motivation and consumer needs is a major part of tourism marketing.

THE TOURISM MARKETING ENVIRONMENT

An environmental analysis should form one of the first stages in any marketing plan. In marketing , we are concerned with two types of environmental analysis: the micro-environment and the macro-environment. The micro-environment is the internal environment of the organization which should be scrutinized by management to identify strengths and weakness in the company. This is as true for companies in the tourism industry as any other but what we are concerned with here is the external or macro-environment which may affect the whole industry. The objective of analyzing the environment is to :-

- Identify influences
- control those (if any) which can be controlled
- use any which can be used for best competitive advantage

The major environmental factors with which concerned can be broken down under four main headings; Political, Economic, Social/cultural, Technical. Some example of the main environmental factors which will impact on the tourism industry are as follows :

Political- Political influences can affect tourism in many ways. Perhaps the most extreme example is when war, or civil unrest caused by political instability, breaks out. The government's attitude to tourism can be major factor here: In countries such as Morocco, where tourism is seen as an under- developed, high value industry, government support is being given to tourism projects. In other areas, however, attempts are being made to curb tourism on grounds such as environmentalism. In the Antarctic, for example it has become popular to take pleasure cruises to observe the wildlife and the landscape. However, there are now fears that ecological damage may result, and tourism is being discouraged.

Economic- Economic factors can be seen to impact on the tourism industry in many ways : Currency fluctuations are as obvious example and in countries where the currency

is highly unstable, the opportunities to develop tourism may be limited. Economic wealth, both in the country where tourism destinations are to be developed, and in terms of the potential consumers of tourism products, is another important aspect.

Social/cultural factors- Social and cultural factors are a major influence in consumer buying decisions and this applies to tourism products and services just as other products and services. Over time , change do appear which will affect consumer buying habits :

Fashion is another cultural variable which influences tourism. It has become very fashionable to go skiing, and long haul destinations have gained their own popularity among the British. But holiday habits differ from country to country.

The tourism marketing manager's task is to analyze current environmental factors, and to try to forecast and anticipate what future trends will be. This is perhaps the most important aspect of the analysis and probably the most difficult. The internal or micro-environmental analysis was mentioned earlier, with the idea that strengths and weaknesses should be highlighted. Similarly in conducting the external environmental analysis, one aim should be to establish what opportunities and threats lie in store for the organizations.

MARKETING PLANNING

There are a number of stages in the planning process which will be explored in this section from the marketing viewpoint. In the first instance, considering the marketing concept and its applicability to tourism marketing, it is vital to know and understand the consumer of tourism products and services if the organization is to satisfy its objectives profitably. Market research plays a major part in this management task. It is important to assess consumer needs, desires and motivations towards tourism services in order to establish levels of market attractiveness, to determine key market segments and to plan the most effective marketing programmes (the marketing mix) accordingly.

THE TOURISM CONSUMER

Tourists are widely differing in many ways. Their basic motivation for choosing to travel can vary enormously. The tourism consumer will not have just one set of needs when they are travelling; some will require stability, whilst others may deliberately seek change and novelty, maybe even a certain level of risk or daring. Some

will be satisfied with total peace and relaxation, while others will look for activity and sports.

SEGMENTATION IN THE TOURISM MARKETS

The tourism market can be segmented by using variables like (a) age group; (b) number of trips taken per annum/seasons; (c) income and education and (d) purpose of the trip. In contrast to the first three, the last variable i.e. purpose of the trip has been fairly and extensively used by the major players in the tourism industry- hotels, tour operators and travel agents and airlines.

Table-4:1

Major Tourist Segments and Their Main Marketing Characteristics

Marketing Characteristics	Main Tourist/traveler Segments LeisureTourist/Traveller	Business Tourists/Travelers	Common interest tourist/Travelers
Typical Destination	Resort-oriented	Big city	Visit friends, relatives, education pilgrimage
Seasonally	High, marketing mix can assist however in spreading demand levels	No seasonally	Partial seasonally
Length of Stay	Could be influenced by promotion/communication	Normally short and cannot be prolonged by advertising	Prefer long stay. This will be prolonged if the costs of additional stay are reasonable.
Mode of Transport	Varied mode(s) of transport. Time spent on the way to destination is part of the holiday or package tour	Aeroplace invariable Objective is to reach the destination as soon as possible	The cheapest mode of transport
Hotel Accommodation user	Yes, normally rather shops at unexpensive hotels	Yes, normally expensive hotels	Only to a very limited degree
Required Entertainment	Very much so. Normally the entertainment is part of the tourist package	Yes, but to a limited degree	No
Price	Very sensitive (high price elasticity of demand)	Low-price-elasticity of demand	Sensitive
Role of Advertising/Marketing Communication	Very Important	Rather limited	Quite important particularly sales promotions are important
Tour Package(s) Importance	Of great interest and demand	Of no appeal at all	Limited appeal

(for market segmentation, it is essential that a tourist organization comes in touch with the different bases of segmentation (table-4:2)

Using this criterion, segments have been identified as travel for business, vocation, convention, personal emergencies, visits to relatives etc. The different elements in the tourism marketing mix are then tailored to suit the different demand elasticities of these segments, gives an idea of the tourism market as segmented by purpose of travel, along with their major market characteristics.

Figure-4:1

Bases of Segmentation

A further segmentation is also possible within each of the afore said major segments for the purpose of practical marketing. As such the vacation tourists and the business tourists are influenced by changes in price structure and the aggressive marketing efforts instrumental in making possible motivation. The market is highly seasonal and the tourists are potentially resort oriented.

Setting objectives

The objectives set will obviously vary between individual organizations, but in tourism marketing there are several industry characteristics which impact on management decision in setting objectives. The key issues are-

- Occupancy rates
- Profitability
- Satisfying tourists needs

The service provider will be concerned with not only maximizing occupancy, but also with achieving stable occupancy as a priority. Similarly, because of the usual high levels

of investment required, maximizing return on investment (ROI) and also maximizing total profit will be crucially important. However, none of this will be achieved if the consumers needs are not consistently satisfied and fulfilled.

At this stage, it is clear that tourism marketing management is faced with several distinct tasks in the planning process.

MARKETING PLANNING FOR TOURISM

A brief outline of the tourism-planning task are as follows: -

- Development of market research systems in order to determine what consumer want.
- Investigation of how the market is made up and the best way to break it down into groups or subsets, which are most attractive to the organization through a process of marketing segmentation.
- Design and development of suitable tourism products and service offerings to appeal to the chosen segments- product planning to enable the organization to meet its chosen goals, determined through a process of objective setting.
- Communication to the consumers and potential consumers to inform them of the services, which are available, and if, appropriate, to remind or persuade them by means of advertising and promotion.
- Ensuring that the service offering is available and accessible to consumers via an effective distribution programme so that they can buy the service at a value (pricing).
- Monitoring and evaluation of the above programme implementation to measure effectiveness against profitability targets and assess success in achieving organizational goals.

TOURISM MARKETING MIX

The marketing mix refers to the blend of ideas, concepts and features which marketing management put together to best appeal to their target market segments. Each target segment will have a separate marketing mix, tailored to meet the specific needs of consumers in the individual segment.

Product mix- The product here refers to the tourism service offering. Although service products are essentially intangible, there are certain physical characteristics which consumers will assess in their evaluation of the product choice. These are :-

1. Attractiveness of the offering in terms of physical features, suitability of climate etc,
2. Facilities available , and associated levels of quality and service,
3. Accessibility in terms of ease of getting there for the potential consumer –are there adequate air service, road and other transport considerations?

Package tour products will be broken down into different types to suit the identified needs of consumers. Typically, these will fall into the categories of escorted and unescorted tours, and group tour bookings. Package tour have evolved considerably since their popularity in the early 1970s waned, as tourists' tastes became more sophisticated and the package tour image of mass holidays; with herds of people crowding to over-commercialized destinations, lost its appeal to consumers. Today's package tours cater for varying tastes, offering levels of refinement to suit both the 'cheap and cheerful' budget tourist, and the seasoned traveller seeking more exotic and exclusive services. The tourism product should evolve over time to reflect changes and developments in the tourism marketplace. This is essential for successful marketing, which depends on the first instance on satisfying consumer needs and wants achieve organizational success.

Service products are intangible but increasingly firms are trying to make their offering more tangible, thereby, increasing their recognition amongst the target buying groups, and enhancing the value of the offering. Physical details such as hotel furnishings are replicated throughout certain chains so that the service offering has a strong ,easily recognized physical identity which appeals to the security needs of many travellers, and encourages a falling of being at home in the hotel. Tangible gifts such as toiletries, flight bags, even bath robes, bearing the company logo or brand are another way of making services more tangible to the consumer.

Promotional mix- The promotional aims to fall into three main categories : to inform, to remind and to persuade. It will always be necessary to inform prospective consumers about new products and services, but other issues may also need this type of

communication to consumers; new uses, price changes, information to build consumer confidence and to reduce fears, full descriptions of service offerings, image building (of destinations) are examples. Similarly, consumers may need to be reminded about all these types of issues, especially in the off-peak season. Promotion designed to persuade consumers will be in line with specific objectives, for example to encourage switching or to build preference.

Bearing in mind any significant, long-terms implications of the transfer of new technologies in tourism, it is necessary to draw up sound strategies and effective policies with respect to the acquisition of such technologies by the developing countries. Moreover, it might be argued that the implementation of the said strategies and policies should contribute to a significant improvement of the net balance of the acquisition of new technologies while maximizing benefits and minimizing losses associated with such transfers. Since new technologies basically serve many disciplines, the relevant strategies and policies relating to tourism should be incorporated within the broader framework of national programmes on technology development and technology transfer. Furthermore, the issue of new technology acquisition should be adequately taken into consideration while drawing up plans for development of tourism in a given country. Again, the implementation of the said strategies and policies calls for coordination and close cooperation of the national tourism administrations with various government institutions involved in science and technology planning and development , in implementing technology transfer policies and with those responsible for education and training.

In view of the rapid pace of technological progress in areas which are related to tourism operations and the growing body of experience regarding practical application of technological advances, it might be advantageous to implement specialized information systems operated internationally and aimed at improving access to relevant data , especially for enterprises and institutions originating in the tourist sector in the development countries.

It is vitally important to recognize that promotion or marketing communications generally, may not always be aimed at the potential consumer or end-user of the product or service. In many business areas it is necessary to design promotional programmes aimed at channel customers to complement end-user

promotions. Channel customers are all intermediaries in the channels of distribution-in tourism this will most frequently be the tour operator or travel agent, for example.

There are a number of promotional tools available to the tourism-marketing manager, which can be combined to create effective promotional programmes. Sales promotion (via brochures, point of sale displays and even video cassettes) plays a very important role as does advertising . Visual media is perhaps the only way to advertise tourism destinations properly.

Tourism promotional messages should always focus on the benefits attainable by the consumer of choosing a particular resort or tour operator, for example, rather than relying too heavily on descriptive presentations of features. Careful selection of attractive market segments at the earlier segmentation stage should lead to greater chances of choosing the right message to target.

Pricing- Pricing in tourism is a fairly complex issue because the price eventually paid by the consumer may be made up from the prices charged by various independent service providers in the case of, say a package tour. Variations in the level of demand cause further complications in tourism pricing, particularly due to seasonality. Pricing policy decisions will be directed be strategic objectives. If the objective is market penetration then prices must be set very competitively to appeal to the largest possible number of potential consumers. If, on the other hand, a firm is pursuing a niche strategy, catering for the luxury market in high value, exclusive tourism services, then prices should reflect this; promotion and advertising can be used to differentiate the product on an exclusivity basis and premium prices may be charged.

Tourism products and service providers will almost always be faced by high levels of fixed costs, leading to variants of cost-plus pricing or return-on-investment as key determinants of pricing levels. It is also important, however, to have a clear understanding of factors affecting price sensivity, and to include pricing tactics which exploit such sensitivities fully. For example ,it may be possible to differentiate service levels and offer higher priced 'value added' services, as in business class air travel. Similarly, seasonal demand variations should be considered in price setting.

Distribution- Distribution management is concerned with two things : availability and accessibility. If tourism marketing management is to be certain that their products and services are both available and accessible to the target market, they must design a channel strategy that will be effective. In order to do this, research must be undertaken to determine how and where potential customers prefer to buy tourism products and services. Channels, which consist of all the intermediaries between the original service provider and the consumer, must be chosen to maximize distribution effectiveness.

Different distribution strategies may be selected to reflect the company's overall objectives, and even firms in the same area of market operations may not have the same distribution strategy. Most tour operators sell their services through travel agents or holidays shops but Portland operators a direct marketing policy, where consumers deal directly with the company-there are no middle-men.

Some companies may utilize more than one method of distribution. Airlines, for example, sell tickets through travel agents , and sell seats on flights to tour operators, whilst also operating direct marketing by offering travelers the opportunity to make reservations through their own booking office. Besides travel agents and tour operators there are a number of possible intermediaries in tourism marketing channels. These include automated reservation services, central reservation systems and specialist air ticket agencies. The main decision in based on maximizing the opportunity of selling the product or service to the tourism consumer.

Whichever distribution strategy is selected channel management plays a key role. For channels to be effective in selling to the consumer they need reliable updated information. For this reason, information technology has been widely adopted in the tourism industry, and high street travel agents have on-line systems linking them into tour operators' and airline computerized booking systems. Point-of-sale information and promotional material must always be supplied in sufficient quantities to all channel members.

Tourism marketing is essentially a three-stage process, starting with market research to accurately analyse consumers' needs. Tourism services and products must then be designed to fulfill those needs at an appropriate price, and then the availability of these products and services must be communicated effectively to potential

consumers. Market research is the critical starting point-the success of subsequent marketing planning and policy decisions is dependent upon a clear understanding of the market. To develop an effective marketing strategy, the market should be segmented and target segments selected based on a careful examination not only of the attractiveness of the segments, but also on the basis of company resources and strengths. It is important to recognize possible constraints at this stage. This analysis will enable to tourism marketing manager to formulate marketing objectives to maximize exploitation of marketing opportunities, and in line with overall company objectives. Marketing planning, and the allocation of the company's resources in designing an effective tourism marketing mix, can then take place.

EMERGING STRATEGIES IN TOURISM MARKETING

Strategic Intelligence System (SIS) in the Area of Strategic Tourism Planning

SIS is defined as selection, gathering and analysis of information needed for strategic planning. Data will be classified as defensive, passive and offensive intelligence. Passive intelligence concentrates on benchmark data for objective evaluation like Business Process Engineering (BPE). Offensive intelligence focusses on new business opportunities and Defensive Intelligence Cycle (DIC) decides what information is needed, what priorities should be established and what indicators should be monitored. According to the area of immediate of the firm , there will be the immediate area of operation and the influencing zone is that of its competitor's area of operation. New opportunities of a firm concentrates in the influencing zone. Hence, generating data and keeping intelligence surveillance on line enhances the quality of decision making. This approach will put India ahead of its competitors like Srilanka and Maldives in the global market.

Re-engineering Human and Non-Human Resources

For managing the system effectively and efficiently, it is necessary to empower the employees by way of education, training and motivation. It will employee's involvement, excellence, stability and effective customer orientation. It is apt to utilize latest management tools and techniques specially in the area of financial management for not only generating resources but also to utilize them judiciously. The concept of re-

engineering is an emerging corporate tool used in the services sector. Some of the salient features of the process of re-engineering are :

Customers as the focal point : Building quality from outside in identifying and satisfying customer expectations is the foremost objective which is kept in mind while designing/redesigning the jobs and organizational structures.

Work process design : It should be done in accordance with the organizational goal, i.e., it should be more customer focused. It leads to the development of the positive attitude of staff towards the customers and subsequent breakdown of departmental distinctions so that quality (and customer care) is everybody's responsibility.

Restructuring to supporting front-line staff : Organizational restructuring is done in such a way that the front line staff of hotel/restaurants gets strengthened as a result of re-engineering. 'Work teams' are built to support customer service professional. It results in better design jobs which have increased accountability, greater skill requirements, appreciates variety and clear customer focus.

Real Time Tourism Marketing/Customized Marketing in the Area of Strategic Marketing:

The major requirements of an tourism organization in the 21st century is to identify customer's unarticulated needs and design service products for each and every customer in the world. The four requirements for achieving success in is domain are:

(i) ***Identifying direction and pace of change :*** Development of future service products must be based on the understanding how regulations technology, demographics and customer lifestyles are likely to change.

(ii) ***Avoiding comfort of present tourism product :*** Successful companies are able to see the future beyond their current product-market scope and examine continuously how best to leverage and combine their core competencies to develop new service products and new functionalities of existing products to exploit unexplored competitive space.

(iii) ***Focus on new niches and giving customers more power :*** The tourist attractiveness in every product category is being split in to niches that reflect the wishes and needs of individualistic people and organizations. The process for search for new destination products for various niches, so identified, must include the genuine desire to help customers in their search for what they feel to be important or valuable.

(iv) ***Creating the right organization*** : Commitment and culture provides the context in which tangible and intangible resources of a firm get instantly and optimally configured to meet requirements of foreign tourists aspiring for new values.

Success in achieving high tourism products and services depends on finding out which dimension of tourist attractiveness and service quality drive customer satisfaction. Tourism marketing professionals must have the experience and skills essential to analyze customer satisfaction. Table 4:2 explains the paradigm shift in the 21st century.

Table-4: 2

Paradigm Shift in Tourism Marketing

Sl. No.	Parameter	Fleeting Present	Emerging Future
1.	Value creating competencies	Stable, stays with the firm	Mobile, may shift to competitors
2.	Brand	A marketing resource	A strategic asset of the firm Enhance customer's competitiveness
3.	Attitude towards customers	Enhance satisfaction Segment focus	Individual customer focus
4.	Database	Dominance in current product market posture	Innovative ideas and translating them into tangible products of services.
5.	Competitive Orientation	Match competitors Minimizing competitive advantages	Outpace competitors, maxi-minimizing collective competitive advantages of the firm, its customers and suppliers.
6.	Approach to marketing	Mass marketing periodic/ focus marketing of products based on functional attributes/ sales effort	One to one marketing Real time marketing, joint marketing programmes with firms having synergistic products and servicing
7.	Use of Telecomputing Power and Technology	As support resource	As enabling a firm for creating differentiation with user of Internet, Multimedia and CD ROM's
8.	Assessing discontinuities	Emphasis on current consumers, competitors, channels, media and competencies. Use of analysis models to project the future	Thrust of future customers, competitors, channels media an competencies. Use of creative imagination and foresight to shape the future
9.	Perspective	Functional and diagnostic	Holistic and global

SERVICE DELIVERY

Tourism is composed of multi-dimensional products and services, since in reality, the client participates individually in the creation of the product he consumes and the more dimensions he has for a same product, the more numerous will be the probabilities of error. The client must therefore be given guidance and prior information is a key factor to the success of a stay or tour. Since the service is consumed at the same time that it is created, it is impossible to control its quality in advance. After all , it is always the client, who tests, it; and there is no second chance. This means that preventive measures become a priority, since the cost of sub-standard quality is astronomical in terms of direct, indirect, immediate and long range consequences.

Product or a service quality is the aptitude of a business to satisfy the user's needs. The importance of quality has become fundamental for various reasons. It is one of the key elements in international competition in the tourism sector . Moreover, quality is intimately linked to productivity the fewer returns, corrections and delays caused by defective products, the greater the productivity. But quality is not a matter of chance, it is the result of deliberate policy.

TECHNOLOGY TRANSFER IN TOURISM INDUSTRY

The widespread application of innovations as a result of the recent technological revolution, has shown a profound impact on the structural changes in the world economy and the long-term perspectives of individual countries, including the developing ones. Newly emerging technologies, since attributed predominantly to the manufacturing industries are now being widely used in other sectors such as agriculture, energy and services. The question of international transfer of technology, its conditions and effects (especially in the North-South context) has been the subject of international debate for many years. For the most part, however, this debate has passed by service industries. With the increased scope of applications of new technologies in services industry, it is becoming a key policy issue both at the national and international levels. Innovations in technology are the product of recent scientific research and development. They are being developed and applied at rates that exceed those past and contemporary technologies. The tourism sector is being affected by the technological revolution in a variety of ways. Probably, the most important effect can be attributed to the improvement

of information infrastructure resulting from recent developments in micro-electronics and telecommunications.

Analysis of the effects of new technologies on productions and employment does not now significant improvements in productivity in the service sector. This, however, might be explained by a somewhat different ways in which technological change affects this sector. In the first, place, it is reflected in the creation of entirely new services entering market place either as final consumer products or as " Intermediate" inputs into the production of goods and other services. At the same time, significant increases in productivity, resulting from the application of mass-production methods, have taken place. Contrary to conventional theory, the economics of scale does apply to services. Although some unskilled personal services might be resistant to economics of scale, mass consumers and business services owe their existence to mass markets. Similar to the effects observed in the manufacturing industries, the application of new technologies provides the framework for offering more flexible and customized services. Thus, the 'industrialization' of services, in which this sector increases its productivity, is being accomplished through the application of the same mechanisms as in the manufacturing sector, especially the wide dissemination of new information and communication technologies.

Innovations in technology facilitated convergence of microelectronics and telecommunications into a new activity telematics. Sophisticated telecommunication networks helped to overcome time and distance as barriers in access to computer services for the processing, storage and retrieval of machine readable data. The transnationalisation of this process, in turn, has given rise to transborder data flows and international data transmission over transnational computer-communication systems. As a result the direct use of machine readable data has considerably expanded and measured for instance, by the growth of data networks, data transmissions computerized databases and data processing services.

The improved telecommunications infrastructure facilitated the operation of specialized, national and international computerized reservation systems in the accommodation sector. In addition to the integrated chains traditionally relying on such systems, the access to computerized reservation networks became the prime motive for

establishing and/or joining voluntary hotel chains. Alternatively, the use of a telematics infrastructure has given great benefits to the business segment of the tourist market by improving the quality and diversifying the scope of services provided to business travellers. One should mention in that respect the dramatic improvement of the quality of telephone services in the remote regions of the world, facilitated by satellite communication networks or the increasingly widespread access to new types of services such as internet, videotext, teletext and facsimile services. Experiences with relying on the network of satellite earth-stations, yields promising results and practically all leading transnational hotel chains are installing such networks in response to the growing demand for video conferencing and to the relative decline in investment and operational costs. Improved access to information covering all aspects of tourist activities provided the framework for offering personalized at price levels comparable to those of standard packages. The options provided within professional data system used in the tourism industry include computer-aided counselling, on-line automatic search for alternative holiday suggestions and combinations with optional services.

Special emphasis should be made on advances in marketing. In the increasingly competitive environment, aggressive marketing became a matter of survival for the availability of tourist products. Computer technology has been successfully applied in market research, thus contributing to a more accurate analysis of factors affecting tourist demands. The advertising compaigns, launched nowadays by tourist firms match those in modern manufacturing sectors in terms of complexity and aggressiveness. According to some experts, further progress in the area lies in the use of direct marketing techniques aimed at reaching the individual tourist with a highly personalized product. Again, this might be facilitated by advances in telematics, e.g. on line databases and web based marketing systems.

Table 4:3 explains the major changes in the Indian tourism industry after liberalization. It is the fact that the transfer of new technologies to the tourism sector has also brought about far-reaching consequences for developing countries. It affected, inter alia, their bargaining position on the tourism market, as well as employment and training generation of income, lifestyles and culture and natural environment. The overall picture

is somewhat mixed as the positive effects in some areas coincide with negative ones in other areas.

Table- 4:3

Major Changes in Indian Tourism Industry after Liberalization

1. Example of Strategic Alliances	
Taj Hotels and British Airways	Taj hotels chain has a worldwide alliance with British Airways; Taj has the status of British Airway's partner hotel chain. British Airways get priority bookings at Taj hotels. This alliance has proved to be very fruitful for Taj as well as British Airways. A good chunk of the international traffic to India from and via London patronizes British Airways and this brings business to Taj. Likewise, the assured bookings at a chain like Taj tempts the traffic to travel by British Airways, enhancing the airline's business.
Oberoi and Amex	Joint advertising in another popular part of these alliance. Here, two (or more) manufacturers share the expenses and advertise jointly; and both are identified in the ads. Joint advertising helps reduce costs without reducing visibility. For the launch of its hotel in Bangalore, the Oberoi group released joint advertisements with American Express.
Coke and Holiday Inn	Coke and Holiday inn have joint advertising budgets worldwide. They also have independent promotion strategies.
Jet Air-Citibank	Jet Airways-Citibank alliance offered consumers a free Jet Airways ticket on buying six tickets with a City/Diners Card.
Welcome group, Hong Kong	Generation and utilization of common data bases is another
Bank, Amex, Diners	Part of such alliances. Welcome group, Hong Kong Bank, American Express and Diners have come together in an alliance for sharing databases about customers.

C. LOGISITICS

Logistics is the term used in the military operations to denote the activity of moving the soldiers, their arms & ammunitions from them base station to the strategic points. The logistics support during a war is undoubtedly as important as waging the war itself. Quite logically this logistics function forms the spine of any manufacturing organization. Borrowing the term from the military, in simple terms, logistics may be defined as the activity of the movement of goods/freight from the manufacturers/ suppliers to their customers. Therefore logistics industry provides the most important link between the manufacturer and the customer. No matter how good the product is, or how best the technology of producing it is unless the products reach the customer, the

manufacturer will not be able to realize his earnings. And as the manufacturers need to manufacturer will not be able to realize his earning. And as manufacturer's need to cater to the customers spread across or even outside the country increases, the importance of logistics support to the marketing or production plans becomes manifold.

A comprehensive definition of logistics comes from Bowersox. "... the process of strategically managing the movement and supplies between enterprise facilities, and to customers[1]. He classifies the "Integrated Logistics" tasks into two broad categories, namely, Logistical Operations, consisting of physical distribution, materials management and internal inventory transfer and Logistical Co-ordination consisting of product market forecasting, order processing, operation planning and procurement or materials requirement planning. Shapiro and Heskett define the central task of logistical management as "... ensuring time, place and quantity utility"[2].

Thus, the term logistics in the industry incorporates a whole lot of components such as the distribution channels, which includes wholesalers and retailers, the mode used and methods of distribution. Magee, Capacino and Rosenfield identify the following seven elements of logistics system[3] :i), Product inventory, ii) Raw material and component part acquisition and control, iii) Transportation and local delivery means, iv) Manufacturing and converting capability, v) Warehouses, vi) Communications and control and vii) People. So when we talk about service marketing and logistics, we are talking about activities, persons and processes, which provide time, place and quantity, utility to essentially intangibly products.

LOGISTICS IN INDIA

There have been traditionally four modes of distribution utilized for moving the raw material or finished products all over the world and so also in India. They are distribution as: -

- By Road
- By Rail

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[1] Bowersox, D.J., Logistical Management (2nd ed.) New York, Macmillian , 1978.

[2] Shapiro, R.D. and Haskett, J.L.- Logistic Strategy Cases and Concepts, New York, West Publishing Co. 1985.

[3] Maged, J.F. Copacino, W.C. and Rosinefield, D.B., Modern Logistics Management- Integrating Marketing Manufacturing an Physical Distribution, New York, John Theiory an Sons, 1985.

- By Air
- By Sea

In India while Road and Rail are used predominantly for moving the goods produced for domestic consumption, Air and Sea transportation are utilized mainly for export import related goods. It is also worth mentioning that in India, the operation of Rail and Air transportation are predominantly in the hands of the Government run bodies.

The distinct difference between the marketing in a service industry as compared to a manufacturing industry is quite visible in the logistics industry of our country. To begin with, Marketing in its strictest sense has never found a place in the logistics industry in our country be it rail, road, air or sea. Still, certain aspects of marketing are widely practiced in one way or the other, either knowingly or unknowingly. Therefore, even in the absence of an organized marketing effort, the manifestations of the decisions taken in that direction can be clearly seen. Infact one often finds the word "Commercial" being used in this industry to denote the activities, which ought to be classified as marketing.

Indian Railways- Indian Railways, which was traditionally moving core items of the economy such as coal, iron etc., identified the need for a speedier and economical transport mechanism for the industry and has established recently the "Freight Expresses". Information systems to keep track of the cargo are developed and being utilized. To give a fillip to the export bound cargo, the Railways have established a separate corporation to handle the Containers. Many inland container depots have been started after assessing the transport needs of the products and markets. To cater to the customer satisfaction, model stations are being developed and computerized online reservation systems have been introduced to make the whole process easier and less tiresome. All these prove to show that the fundamental principle of marketing of identifying the customer needs and satisfying the customers by providing efficient primary and secondary is being undertaken.

Airlines - In the airline industry, the logo design of Air India was changed so as to give a more "dynamic" outlook to the brand. The target market's preferences in terms of Indian food, entertainment on board were identified and appropriate communications mix were designed to convey the message. The phenomenal growth of the air courier industries in

the country provided the customer organizations time-bound and assured deliveries of their packages. The introduction of automatic telephone answering systems and on-line bookings are part of efforts to be closer to the customer needs.

Shipping - The freight forwarders in the sea-borne have always played important functions as primary marketers for the shipping organizations. The on going talk of providing an integrated bill to take care of total transportation from the customers' factories to their foreign markets is a pointer in this regard.

Road Transport- The vast demand for transportation of goods by road in our country is being met by several trucking organizations from both the unorganized and organized sectors. There are several individuals operating with one or two branches an or one two vehicles of their own and there are organizations such as TCI having widespread network of exclusive branches and others operating through agencies. In this highly fragmented industry, there are many firms that concentrated and earned niches in their respective markets. It is common to find trucking firms operating only on certain routes or only within certain geographical boundaries. Traditionally pricing is seen as the only strategy of winning over the competition. Also it is the Cost-plus mechanism that is the most widely followed method of pricing. Establishing personal rapport (quite different from personal selling) has been the predominantly used strategy to gain entries and retain customers. The economics of a firm or an organization engaged in the transport of goods by road is determined by lot of factors external to it such as:

- Control on free movement by the State through various forms, checkposts, octroi etc.
- Bad condition of roads
- Inadequate facilities for communications
- Fuel inefficient vehicles
- Inadequate information on the market

Is Marketing Required at All?

Primary among these is the question whether marketing is necessary at all in this industry? And if is necessary, is it because it is a necessary evil?

To appreciate these question better, one has to understand the situations, describe below.

Absence of Intense Competition

Sectors like the rail and air transportation have been developed by the Government whereby the entry and exit barriers have led to a near monopoly situation. Even in the two remaining sectors though there are no such barriers, the competition was never so intense so as to inculcate the spirit of marketing.

Clouded Vision on Marketing

Secondly in sectors like the rail and the air, it was always opined that the social objectives with which the organizations were set up negated the use of marketing . In other words, marketing was seen as a tool to be practiced only by industrial and profit-oriented organizations. It is only in the recent past that marketing is being recognized as important for the public utilities and non-profit organizations.

Existence of Sellers Market

Thirdly but for the recent few years, the logistics industry was always a sellers market with the buyer having little or no choice. While the railways is totally a State department, the movement by air is more or less restricted to the state run organization only. In the shipping industry, the situation is that of the demand far outstripping the supply with the result the customers have to be contented with the inadequate infrastructures and procedures. In our road freight industry also there is no organized competition and what so ever is existing, is more of regionalized and unhealthy competition.

Lack of Awareness

The fourth and the most important reason is the overall lack of awareness or education of the concept itself and the inherent advantages that can be derived from it. This is probably a fall out of inadequacy of training in services marketing.

Due to these reasons, one does not find the concept as applied in other sectors of the economy.

MARKETING Vs. LOGISTICS

Logistics as an industry cannot for long, even in India, afford to ignore marketing applications. The reasons are obvious.

Sensivity to Local Demand

Unlike other service industries, logistics industry has to meet the demands from each of the areas it is operating in. Hence the common concept of aggregate market share has no relevance here. In every area that one operates, one has to aim for a higher marketing share.

The Need for Customer Orientation

The basic difference between the services marketing and product marketing is the high degree of customer orientation required in the former. While in the manufacturing industry, the defective products are accepted up to some established norms, in service industry a let up even on one occasion leaves a customer unsatisfied. This is particularly true in the logistics industry where the impact of failures is more pronouncedly felt than the successes. Added to this , unlike in product marketing, a transporter has to meet the requirements of the sender as well as the receiver. As this involves lot of lead time in the service delivery maintaining constant touch with both the ends becomes absolutely necessary. All this obviously calls for more refined ways of interaction with customers and almost error-proof processes to satisfy them. Customer Servicing, hence, is the key.

Undifferentiated Marketing-How Long ?

In all the components of the logistics industry, one finds the existence of undifferentiated marketing. Thought it can be argued that this reduces costs and focuses efforts on the major users, its continuity in the wake of increasing awareness among different categories of customers and their rising expectations has to be doubted.

Are Uniform and Me-too Strategies Adequate?

With the accelerated industrial activity during the last five years and with the much acclaimed New Industrial Policy in vogue, would it be adequate to cater to the transportation needs of the customer organizations by following the traditional uniform strategies by every logistics company? With increasing demand and diversifying consumer needs the practice becomes open to question.

Satisfying the Intangibles- The Challenges Within

A major factor which has led to lot of market targeting problems is the absence of any authoritative information on the demand trends and customer expectations.

LOGISTICS AND CUSTOMER ORGANIZATIONS

The primary issue of whether marketing is required by this industry can be solved only if we answer the more basic question-

- What is Marketing and Why in Logistics?

Marketing as we perceive is process of identification, creation and meeting of needs of an individual or an organization. These needs are converted into affordable demands by designing an appropriate product and satisfying the customer by providing it conveniently. If this is agreed as the definition, then logistics industry is no exception in applying the concept. As marketing in the long term aims at reducing the gap between the supply and demand, it is imperative that logistics sector follows the other industries in satisfying the customer needs.

The leads us to question the traditional concept of logistics. The function of logistics, in our opinion is not mere carrying of materials from one place to another. Of greater importance is the fact logistics helps the customer reach his clientele efficiently, economically and in time. Thus directly or indirectly the logistics function provides a mechanism to the customer to be more competitive. If this is agreed as the basic objective of logistics, it is imperative therefore that every component of the logistics industry-whether it is rail, road, air or sea has to identify ways in which the competitive edge of the customers can be enhanced. And this automatically calls for a total marketing orientation. Whether one is in a sellers market or whether the competition is less intense, marketing becomes a necessitating factor for the long term survival, if not growth of any organization orovident the logistics services .

PHYSICAL DISTRIBUTION MANAGEMENT

A logical extension of the above mentioned strategy is to become a part of the physical distribution management of the customers. This requires identifying ways and means of solving the customers' critical problems such as cutting inventory costs, meeting deadlines etc. Only then the customers would be in a position to evaluate the

cost-benefits and reliability of services. The ways to achieve a marketing orientation in the logistics industry could be :-

- **Infusing Internal Competition for Efficient Service Levels-** To orient the logistics organizations toward customers, infusing competition will be an effective mechanism. As external competition is minimal or non-existent, these organizations have to create competition internally-between the different units in the organization.
- **The Need for More Public Accountability -** Whether the government run bodies are providing logistics services, the importance of marketing can be inculcated by making these organizations more accountable to the general public. At present this public accountability is skewed towards giving returns to the share holders only. This has to change to the more appropriate function of filling the gaps in the demand and supply.
- **Product Differentiation & Constant Innovation-** As the industrial activity in the country is envisaged to grow by leaps and bounds in the coming years, it is in the interest of the logistics industry to bring out product differentiation and keep upgrading technologies of transportation. Innovation in meeting customer requirements alone will determine the success of the organizations in this industry in the future. This also means conversion of transportation services into identifiable products, each giving the target customers their desired satisfaction.
- **Need for Integrated Service Packages -** To serve the customers more effectively, logistics organizations have to integrate their service offers by including multi-model operations. As this will take care of the different procedural hassles involved in different modes of distribution, it will go a long way in satisfying the problems of the customer organizations.
- **Importance of Non-Price Strategies-** Capturing markets or attracting customers cannot continue for ever by depending on price alone. Non-price strategies of various kinds need to be adopted.
- **Infrastructural Improvements for Better Marketability-** Availability and utilization of infrastructure adds to service quality and improves the marketability of service. While some of these are specific to products being transported others

have common utility. Again, while some of these facilities have a direct bearing on buyer satisfaction, some others contribute to improvements in the input efficiency. Infrastructure, in the logistics sector would comprise vehicles, handling devices, storage facilities, communication linkages, enroute facilities for crew, etc.

Communication- the Critical Success Factor- In the existing scenario of management of logistics, perhaps the most effective tool for service quality improvement is the efficacy of the communication facility. An imaginative communication system including networks, will go a long way in enhancing the service quality of the logistics sector, especially the goods transport segment.

Public Relations in Tune with Markets- The need for constant communication with the markets is very significant in the service industry and much more so in the logistics organizations. The logistics industry interestingly, has not been able to create and 'image' for itself. Further, this sector is remembered and talked about more for its failures than for its contribution. The generic and specific benefits provided by this sector needs to be properly projected. The public and the users must be enabled to see that the logistics sector is no mere. Carriers of Cargo but a significant medium of facilitating effective business transactions. The enhanced 'image' of the industry will also pave way to attract expertise into this sector.

- **Customer Orientation at the Organizational Level-** Like all service sectors Customer Servicing is a prime responsibility of a vast number of personnel in any organization in the logistics sector. Strategies for marketing in logistics should take care of this need to infuse total customer orientation in the entire organization.

- **Co-ordinated and Planned Development-** All the sectors of the Logistics industry have to come together and pool on their resources in assessing the market trends and identify ways and means of meeting the customer requirements. The co-ordination of work if activated by the concerned Ministries of Surface Transport and Industry will help the industry become more efficient and capable of satisfying the customers and the nations' needs of safe and reliable logistics

support, not only through singular modes but also through multimodal approaches.

D. EDUCATION

Education as a service can be said to be fulfilling the needs for learning, acquiring knowledge providing an intangible benefit (increment in knowledge, professional expertise, skills) produced with the help of a set of tangible (infrastructure) and intangible components (faculty expertise and learning), where the buyer of the service does not get any ownership. He may have tangible physical evidence to show for the service exchange transaction but the actual benefit accrued is purely intangible in nature.

The justification for aligning education with marketing is also on grounds that the educational institutions are made self-sufficient. The programme of expansion can be implemented in time as the educational institutions prefer to generate internal resources for that very purpose. The promotional measures help potential users in getting the required information and making appropriate decisions.

The main aspect in the education service in India today is availability of world-class services to the users. This is made possible only when educational institutions are offering suitable product mix, keeping in view the changing socio-economic requirements.

They need to adopt a pocket-based pricing strategy in which no-income group would get free of cost services, the low-income group would be given subsidized services, and the middle-income group would be made available besides cost-based services and the high-income group would be made available at cost plus subsidy based services.

Education is a service that is geared primarily to the consumer market, therefore it can be classified as a consumer service rather than an intermediate or industrial service, though packages of industrial training are also designed for the organizational customers. For majority of the customers, education may fulfill the instrumental function, but there is always a category of customers for whom education and the pursuit of knowledge are expressive motives.

By its very nature, education is essentially a people based service though some service delivery systems may make heavy use of technology and equipment. Services have also been classified on the level of personal contact as low contact or high contact services. Recent developments in open and distance learning systems have successfully countered the challenge of constantly maintaining high levels of contact, by creating specialized kinds of users friendly course material and using multi-media and web based technology to enable students to survive in the competitive job market.

Marketing Elementary Education

Since elementary education system has been contribution substantially to the overall literacy rate, we find justification for discussing the marketing of elementary education under the head marketing literacy. Of, course, during the Eighth Five Year Plan (1992-97) , we have given an overriding priority to Universalisation of Elementary Education (UEE) but till now the results are disappointing. In this education system, we find two categories, formal and informal. In the formal education we find two levels e.g., primary and upper primary. We are aware of the fact that both the government and private schools are involved in the process. The main problem in the elementary education is the drop-out ratio. A number of parents discourage their children and even the teachers fail in motivating them, resulting into a poor retention ratio jeopardizing primary and upper primary levels we need a structural change in the curriculum. The need of the hour is to make possible a fair synchronization of formal and informal systems, specially to improve the quality of our coming generations. We cannot deny the fact that to be more specific in the rural areas, the government schools are almost all in a depleted condition. Students have neither a suitable space nor a dedicated teacher. No doubt, we find an increase in the enrolment position but if the retention rate is not improved, the enrolment rate would not serve our purpose. If we talk about the rural areas, willingly or unwillingly we have to accept that the results are very disappointing . Even today 95 percent of rural population have a school within a distance of 3 kms and above. The system is meant for children above 5 age-group and so we can easily imagine the fate of enrolment. In addition to the revamping of government schools, we have to encourage private schools so that a competitive condition makes ways for qualitative

transformation. Against this background , we discuss here the problem of marketing elementary education.

Product/ Service Mix

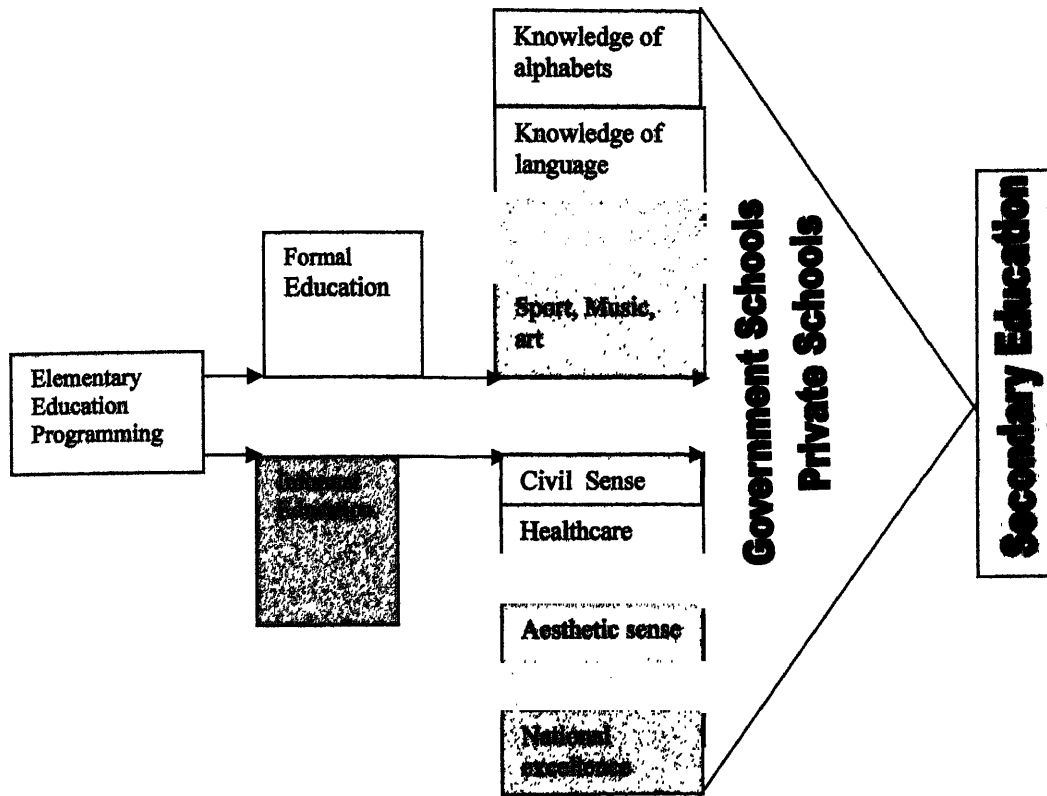
At the very outset, it is pertinent that we go through the curriculum of elementary education. The changing environmental conditions determine the syllabi/curriculum for any educational system or organization. Since it is a learning stage and therefore we cannot underestimate various dimensions of informal or non-formal education. While formulating mix and blending formal and informal education it is, significant that we pave ways for its further link with the secondary education system which would engineer a sound foundation for higher education. To make possible a contraction in the drop-out ratio or to increase the retention ratio, we need to make the curriculum more interesting . Since both the public and private sectors are involved in the process, it is essential that the services are made competitive. This would help users/students in many ways. Figure shows we find elementary education programming which is in the face of changing environment conditions. We have a tough task to make our human resources internationally competitive. This is possible when we make our products more costly. By having a fair synchronization of professional excellence and values or say in the beginning the blending of fundamentals and values, we pave ways for the development of their personalities. The productive human resources would pave ways for the development and prosperity of an organization and vice versa. We cannot ignore the fact that the secret of Japanese developments are coiled in the essence of developing productive human resources. The image of an organization is fantastically influenced by the quality of human resources. The elementary education is considered to be the most sensitive stage for engineering a sound foundation for the development of human resources. At the outset, it is essential that we available to them knowledge of alphabets so that they are in a position to read, write an understand. This draws our attention on the visualization process so that they complete the first stage at the earliest possible. The primary stage of education would make them understandable, if sophisticated communication technologies are used. After this , at the upper primary stage, we should study their aptitude and based on the same, the fundamentals of the related area should be

made available to them. It is in this context that we find aptitude test significant to increase the effectiveness of our mission.

Here, it is important to mention that while designing the syllabi or developing the curriculum, we should not forget the constraints that we find in the rural areas and the handicaps that we find with the rural children. Against this background, we should have a crash programme for brushing-up the rural children which would be helpful in removing the threshold barrier. Though they have the potentials still due to shyness or lack of exposure, they fail in delivering goods and make our programmes unproductive. The crash programme or special curriculum should be after the primary education. Not only the formal but even we need to blend informal or non-formal education in our curriculum. Here our emphasis is on social, cultural and ethical values by activating the brain-washing process. Since, of late we have sophisticated communication technologies, the task is not so difficult. In Figure we find civic sense , cultural, ethics, national excellence as the key components of informal education. Our emphasis is here on developing values. This is a value addition process in which we are supposed to be more careful. Though it is right to argue that mother, is the best source to impart informal education to the children. Of course, we can negate it but all of us are well aware of the emerging negative developments in our lifestyles. The urban mothers now prefer to work and so they do not get time to educate and train their children. And if we talk about rural children their mothers in majority of the cases are illiterates. It is in this face that we find a vacuum of values in the new generations. Most of us still believe that we do not need high weightage to social, cultural values. Against this background, it is right to mention that in this age of sophisticated technologies, we find socio-cultural and ethical values more impact generating since we cannot develop organizational culture unless our emphasis is on these components from the very first stage of learning.

We cannot expect policy makers, decision makers, white-collar personnel, blue-collar personnel, teachers, politicians, technocrats and others making value-based decisions till these traits are injected or inclucated in their personalities essentially at the learning stage. We find children more receptive. And it is also right that due to psychological factors they receive negative traits very quickly. If they do not get

Fig. 4.5 :

Elementary Education Programming

We cannot expect policy makers, decision makers, white-collar personnel, blue-collar personnel, teachers, politicians, technocrats and others making value-based decisions till these traits are injected or inclucated in their personalities essentially at the learning stage. We find children more receptive. And it is also right that due to psychological factors they receive negative traits very quickly. If they do not get knowledge of these components at the stage of elementary education, it is difficult to inculcate these traits at the later stage. Of late , we find an adverse condition. The parents in a good number do not realize these traits these essential for the development of their personalities. They along with their kids, teens are found watching TV serials/movies full of violence and bedroom scenes. They themselves do not act and behave in the face of time tested norms. The children do not get proper education regarding these traits in their schools. In the prevailing condition, it is not right to expect from our new generation to

interesting vis-à-vis thought provoking . The significant task here is to innovate the promotional strategies so that we succeed in creating awareness and increasing the enrolment and retention ratio. We are required to focus on two important areas, first to instrumentalise the personal promoters and second to innovate the non-personal promotional measures bearing careful since the parents are often found discouraging their children from going to schools. By educating children we not only succeed in increasing the rate of literacy but also engineer a sound foundation for the development of productive human resources contributing to the process of human capital formation substantially and activating the developing process fantastically. It is against this background that we find promotional decisions playing an important role in strengthening elementary education.

The first task is found more impact generating since we find here the instrumentality of human resources. Our emphasis is here on the involvement of teaching and non-teaching personnel in motivating the children and their parents. For motivators playing a significant role in the motivating process, it is pertinent that they are getting adequate incentives. Hence, it is important that teachers get due incentives. It is also important to mention here that their incentives should be linked to enrolment and retention ratio. There must be a target and the teachers crossing the target should suitably be rewarded. On the other hand the teachers failing in touching the target should be deprived of the additional incentives. Since the parents are also found here responsible for the increasing drop-out ration, it is judicious that we think in favour of motivating the parents. This is related to personal promotion since it is instrumentality of a personal promoter that determines the magnitude of success. We cannot negate that in the rural areas we need a special task force to motivate the parents. If we fail in motivation process, we have no option but to punish those parents found responsible for discouraging their children. In this context, we need to assign due weightage to the behavioural dimension since it would help teacher in sensitizing the motivation process.

The second task is related to non-personal promotion where we focus on advertisement and publicity measures. In the modern world, we have sophisticated technologies and sensitive media to make our slogans more effective. To be more specific, TV/audio-visual exposure need here a special mention. The government and

private agencies evincing interests in this mission should come forward and contribute a lot the advertising process. The professionals can play here an important role by making the slogans messages, appeals proactive. Since it is a mission, they should work with the motto to subserving the social interests or should charge the minimum possible for the services they make available .

Our special emphasis should be here on motivating the girls living in rural areas. This necessitates special campaign exclusively to promote women education. The task of course is difficult but not so difficult if we have a strong sense of determination and dedication. Women literates living in the rural areas should accept the responsibility of motivating illiterate women. In addition to advertisement, the publicity measures are also required to be strengthened. This requires developing a rapport with the media people. The governmental organizations or private organizations or agencies should pave ways for the same. They should organize seminars, conferences and workshops and should invite media people for an exposure . In most of the cases, publicity becomes more effective if the correspondents, press reporters etc. are motivated. All possible efforts should be made to convince them that the child education programmes are being conducted efficiently or the constraints in the development process should be pointed out. They can advocate strongly for the right cause to bring things on rail.

Price/fee-structure

Since private schools are involved in the process, it is judicious that we also talk about the fee-structure . In the government schools, we find free-of-cost services but so far as the private schools are concerned, they charge exorbitant fees. Of course they require to mobilize the financial resources but there must be a rational policy for the same. We should check commercialization of education which is found exploiting the masses. We are not opposed to the charging of feels by the private school meant for the children but they should not make it a source of making profits. According to the available seats, they should have a policy of charging fees on the basis of incomes of parents. In addition, they also bear a social responsibility of offering free-of-cost services to the poor and weaker sections of the society . Whatever the losses they generate due to cost-free services to the weaker sections would be charger form the high earning & middle-earning groups in proportion to their incomes. This is a rational pricing structure

which would maintain the quality of education in the private schools. While fixing fee, the computation of costs on education should be done honestly. The process of computation should not pave avenues for profiteering . Besides the private schools should also make a provision for the creation of a development fund and a portion of surplus should be appropriated to this fund annually for quantitative or qualitative improvements found essential in the face of latest developments. The main thing is quality of services and either private or government schools should be very particular to this point. We cannot deny the fact that the ultimate motto, is to strengthen the foundation which should be given an overriding priority. Of course, the government schools, except a very few are found in a depleted condition due mainly to the financial constraint. The exchequer is not in a position to finance schools and the pricing policy does not allow them to generate finance from the internal service. It is against the background that they fail in managing expensive inputs for offering quality output. We do not find anything wrong in charging nominal fee from students who are well-off. The motive is to improve the standard of education which would of course, be futile failing the availability of adequate finance.

Distribution

For making the services available to the users the front line personnel play as impact generating role. Here our emphasis is on the contribution of teaching personnel . It is right to mention that in most of the private schools, we find cases of exploitation. The teachers get poor salaries and they are supposed to put their signature on the fake bills. Since we have the problem of unemployment willingly or unwillingly, they continue to work without raising any voice against the management. The labour and education laws fail to protect them since they are not in a position to lodge a complain. We cannot expect a sense of dedication and commitment unless we pay to them adequate incentives. So far as the teachers of the government primary and upper-primary schools are concerned, they get higher scale but make available to the institutions very disappointing services. To be more specific in the rural areas where we find the most sensitive segment, i.e., rural poor, the students are found heavily affected. This draws our attention on managing government schools properly so that the services as per the mix reach to the users/students on time. We talk about ethical values at almost all the stages

of education since failing this property, it is very difficult to expect a dedicated and committed teacher.

The quality of our teachers is needed to be improved by making available to them the knowledge of latest developments in the discipline across the country. Our emphasis is here on behavioral management. Educating children, is a tough task. Since we have an urgent task of achieving total illiteracy it is significant that our strategies are innovative. Both the government and primary schools have to see that students get the best possible exposure and for that the sophisticated communication technologies are made available. This would increase our retention ratio since the curriculum would be more interesting. Audio-visual exposure to the students would brush-up their potentials. But it is right to mention that in the rural areas we find in it difficult to install communication technologies due to power problem. For making the services effective, it is pertinent that we increase to instrumentality of teachers vis-à-vis an attempt to create interests of users of the services. Unless both of them interact and cooperate each other the services would not reach to the destination in the desired way, and within the stipulated time.

STRATEGIC MARKETING

We are aware of the sizeable contribution of elementary education to the present literacy rate. The target is to achieve total literacy by 2005. Our emphasis is on engineering a sound foundation for secondary education. The retention-ratio is also to be increased. For marketing literacy efficiently it is pertinent that we have an action plan which paves ways for qualitative-cum-quantitative improvements. We have a tough task of improving the quality of education, specially in the rural areas. We are also supposed to educate women on the priority basis. The multi-faced constraints make our task more difficult and against the background , we talk about strategic marketing.

At the very outset we need to re-design our curriculum. While going through the service mix we have thrown light on the fair blending of formal and informal education. To be more specific for rural students we need a task force so that the existing threshold barrier is removed before they enter the secondary schools. The rural students lack exposure they are shy and also lack a sense of confidence. Of course, they have potentials but due to these negative trials they often fail in fulfilling our expectations

.This necessitates revamping of our syllabi in the face of latest developments across the country. In addition to the knowledge of alphabets, we bear the responsibility of making available to them the knowledge of fundamentals sports and music. Our emphasis is here on making the process more interesting . This is essential to increase the retention ratio.

We also focus on informal or non-formal education since we have miserably failed in making available to them the knowledge of culture, ethics, nutritional awareness, civic sense , national excellence in our homes, i.e., learning initiation stage. In the modern competitive world, we frequently talk about organizational culture work culture , ethical and moral values since these properties help us in increasing the rate of human capital formation. It is against this background that we need to innovate our product/service strategy. This would help us in many ways. The secondary schools would get quality inputs and the task of developing the human resources in a right fashion would be simplified considerably. Quality inputs can help us in getting the quality outputs Both the government and private schools are required to innovate their services. The task of sensitizing the users would not remain difficult, if the innovation process has given due weightage to the regional bias of target users. In the strategic marketing we also need to activate the innovation process in the context of promotion. Since we consider it an important dimension of marketing, it is significant that we innovate both personal and non-personal promotion. At the outset, we talk about personal promotion where teachers play a very decisive role. Educating children is no doubt a tough task. This necessitates enormous cooperation of teaching personnel engaged in the process. Motivation is supposed to be the best device to activate the process. Here, it is essential that we link the motivation plan with the retention ratio. In addition, we should also think in favour of offering additional incentives to the teachers showing personal touch in service and developing quality students. This would pave ways for the generation of efficiency. In addition, it is also essential that we heavily punish those teachers who fail in discharging their duties efficiently. While planning we also need to focus our attention on motivation to the students so that they are not only encouraged for enrolling themselves in the schools but continue education even when their parents oppose. In addition to the personal promotion, we also need a new strategy for the non-personal promotion. Since we have developed sophisticated technologies the task is not so

difficult. If the professionals are committed and the latest technologies are available , the advertisement slogans, messages and appeals are made creative. If we plan for promoting rural children in general and girls in particular this aspect needs an intensive care. At this stage, the most important thing is to generate thirst for education which requires creativity. The media have to extend their best possible cooperation in this mission. If they evince interest, the publicity measures can also be strengthened. The fee-structure is also a sensitive problem to be more specific in the Indian condition where a majority of the people are unable to pay even the nominal fee. Of course we also find a change in our attitudes . The parents do not hesitate to pay Rs. 100/- or even more as a monthly fee to the private schools but they take it in a negative way, if the government schools charged even Rs.20/- for the same standard of services. This necessitates attitudinal change.

Important cause for the present degeneration in the educational institutions is the financial bankruptcy since the exchequer is not in a position to make available more finance. Hence, the policy planners have to think over the problem very seriously. Earlier we have talked about a rational fee structure and this is the only way to bring things on rail. On the other hand the private schools have been found charging exorbitant fees and making profits against the set norms and ethics. The need of the hour is to regulate the same. The organizations, agencies, institutions, teaching and non-teaching personnel have to devise ways for placing the services to the students. This necessitates a contraction in the distribution process right from formulation of a service mix to its time honoured distribution to the target users. In the Indian setting we find a big gap of time between formulation of policy and its field implementation. We need to minimize this gap which draws our attention on enriching the infrastructural facilities and instrumentalising the operational apparatus. And to fulfil the same we again find financial constraint standing as a major barrier. Willingly or unwillingly we have to pave ways for the generation of finance from the internal source right from the elementary stage to the university stage. Since we find elementary education a mission, the governmental policies are required to be liberal and the financial support is to be increased but ultimately the brunt of tax would fall on our shoulders.

MARKETING OF SECONDARY EDUCATION

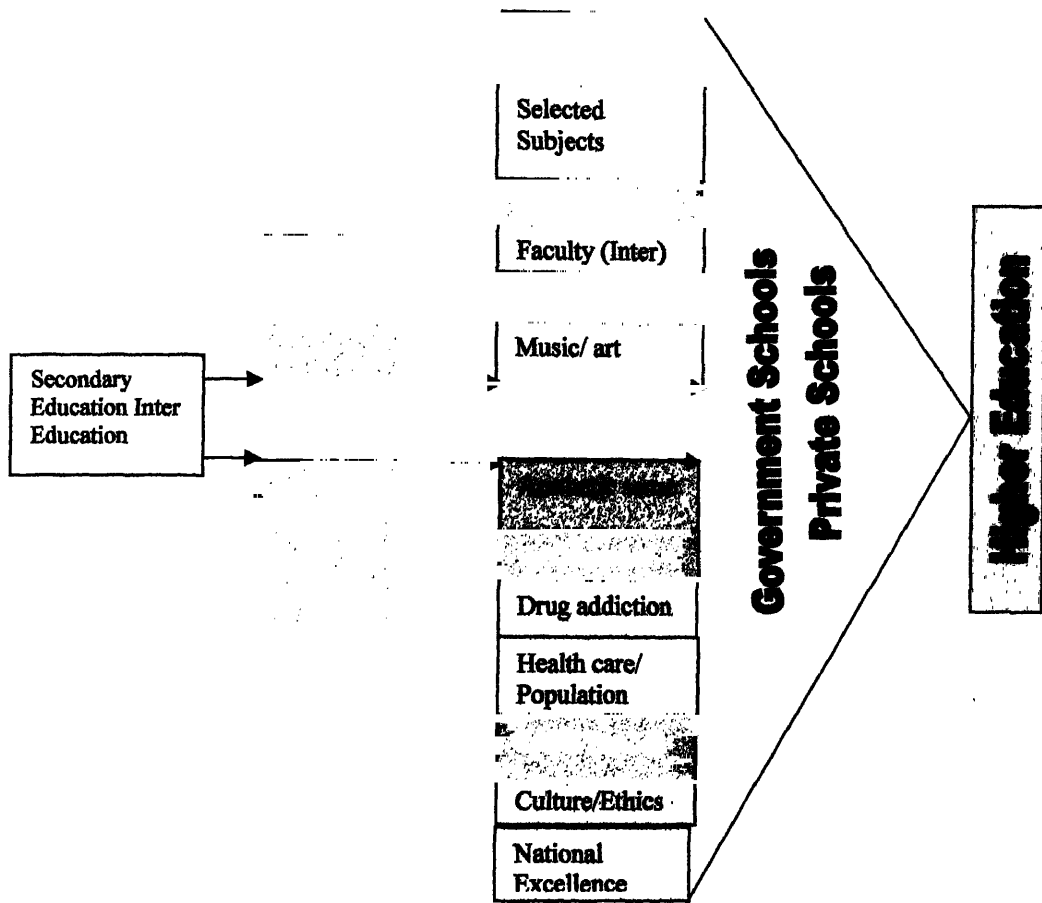
After the completion of elementary education, we find the stage ready for imparting secondary education which is considered to be an important stage of education, specially with the viewpoint of making them understandable in the tight perspective. We need to vibrate the positive trends in the enrolment and retention ratios. Since both the public and private schools are found engaged in the process, a sense of competition and coordination becomes inevitable. If we have used seven years of imparting elementary education honestly and efficiently , the task further is not so difficult. The most important thing that we find at this stage is adopting a plan of education for teens with the least possible threshold barrier. The marketing of secondary education thus is found more critical and challenging. We need more professionalism in our decisions. The motive is to engineer a strong foundation for the higher education which helps us in developing knowledge in a right fashion.

Service Mix

Curriculum/syllabi bear the efficacy of making available to us a right or wrong direction. If we are very particular to the designing of an ideal syllabi, the direction is found right which paves ways for the development of social and culture values in which ethical dimension gets an important place. We succeed in having a work culture we succeed in maintaining organizational culture which help us in accelerating productivity and projecting a positive image. It is against this background that we assign due weightage to the development of services in tune with the changing requirements. In Figure 4:6 we find secondary education programming which focuses on the blending of formal and informal education for the development of an ideal citizen since this aspect of development of human resources determines the magnitude of success in our development efforts. While innovating the marketing practices, it is important quality outputs and this is possible when we have quality inputs. Till now we have undoubtedly been successful in developing knowledge but have miserably failed in producing an ideal citizen . This is found jeopardizing our all efforts since the system is now collapsing and the society is now found dying. If in Japan we find a work culture, it is due mainly to their success in developing an ideal citizen. No laws, regulations can make it possible . It is only the system of education that paves ways for the same. In the curriculum, we find

both formal and informal education. While imparting formal education, our emphasis is on language a few selected subjects general science, sports and music and art. At the intermediate stage we think about faculty programming.

Figure –4:6

Secondary Education Programming

In the context of informal education, we find aesthetic sense, environment, vocational course , health care and population, culture and ethics and national excellence. It is already pointed out earlier that we have a tough task of education the teenagers who are found moving in the wrong direction . The government or private schools have to follow the syllable approved by the national and provincial boards. The certification boards have to see that their stamps have some values. The selection of different subjects should be in the face of global developments so that our products bear the efficacy of accepting the best and rejecting the worst. They would develop a strong elimination potential, if this stage of imparting education is managed properly. The knowledge of

knowledge of general science is found essential to make them aware of the latest developments around the world. The knowledge of a few selected subjects is essential to select a discipline for specialization. We find sports, music and art in the formal education since we recognize the outstanding contributions of these in having a team spirit.

We focus on aesthetic sense since it plays a vital role in preserving values, generating efficiency and making an assault on monotony. Knowledge of environment to counter the problem of environment pollution. Knowledge of health care and population to make our demographic structure optimal and sound. Knowledge of social services to involve them in the social transformation process so that they oppose the destructive forces and conditions. Knowledge of culture and ethics to sound their capacity of making a positive/creative decision and national excellence to think plan and act in the best national interests. Thus, we have to think in favour of a fair synchronization of formal and informal education.

Promotion

If we make qualitative-cum-quantitative improvements in the system of education it is essential that our target prospects get right information on right time. Promotional measures simplify the task vis-à-vis make our efforts productive. We cannot deny the fact that the task of motivating and persuading the prospects to be more specific when they are teenagers is very difficult. In an age of globalization of economy when we find its negative impact on the globlalisation of culture, is a challenging task. We need more professional excellence to transform the prospects into actual users of services. At the outset , we turn our eyes on the instrumentality of personal promotion in which the teachers and non-teaching personnel are supposed to play a decisive role. We have not only to increase the enrolment position but have also to increase the retention ratio. The prospects, specially living in the rural areas are found less receptive. Very surprisingly, the parents are found here playing a negative role. To be more specific the rural women prefer to discontinue their education . It is a stage from where the retention ratio is found moving downward. A number of rural parents appear disinterested in educating their daughters in high schools. It is against this background, that the personal promoters have

education, the derailed system may come on rail. We accept the fact that persuasion requires motivation and particularly in the present materialistic age we need to assign due weightage to financial incentives. Private schools do not face this problem since the teaching and non-teaching staff apprehend a threat to their job, if the number of students goes down. In the government high schools the teachers and other staff feel that they are getting salaries even if the enrolment retention and results are not satisfactory then why they should take , trouble. It is in the wake of this that we need to link the incentives to the performance which includes three elements, e.g., enrolment , retention and results. To be more specific we need special campaigns in the rural areas, preferably to motivate rural girls and their parents. So far as the non-personal promotional measures are concerned , we needs innovative efforts since we have sophisticated communication technologies. Of late, we find more than 90 per cent villages linked to national TV network and radio that make our task easier. The professionals while designing advertisement layouts or composing slogans, messages and appeals need more excellence and personal touch.

Fee-structure(Pricing Structure)

An important decision making area related to marketing is the fee structure which appears to be a challenging task, specially in the Indian setting where majority of prospects are not in a position to afford the expensive educational services. Since both the government and private high schools are engaged in the process the need of the hour is to follow such a strategy which allows even poor and weaker sections of the society to avail the services. Of course, the innovations in the process of education have been found increasing the input costs vis-à-vis the fee structure . Here a rational pricing policy would make ways for social orientation. It is against this background that we need more care while setting the fee-structure. So far as the government high schools are concerned , they are neither charging fees nor making available to the prospects the standard services. The exchequer finds it difficult to finance the development plans and ultimately the worst sufferers are the students. This makes it clear that only a basic change in the pricing strategy would pave ways for the time honoured development of government schools. If we find it essential to protect the dying government schools the

charging more from the affluent and the least possible from the poor and weaker sections. Even we may think in favour of offering free-of-cost services to the students who deserve so. This income-based strategy would generate surplus to the schools and would make possible necessary developments to innovate the system . On the other hand, the private schools have been found charging exorbitant fees. It is necessary to mention that educational institutions are not supposed to make profits since we call them not-for-profit making develop the institutions. It is not possible that all the institutions offer the same quality of services. This makes it clear that educational facilities and quality of personnel would be determine the fee-structure. We can have different grades and the fee-structure would fixed accordingly. It is very natural that fee-structure of both the government and private high schools cannot be uniform still the structure is to be made rational. Charging more from the high and medium income groups in proportion to their incomes and charging less from the low and marginal income groups again in proportion to their incomes would be a rational policy.

Distribution

The problem of offering the services is found more complicated, specially in the government high schools where a big gap is found between the formulation and implementation of a particular plan. The bureaucracy and the teaching and non-teaching personnel form a long chain. This makes it essential that government high schools are given more autonomy. The teaching and non-teaching staff should make sincere efforts to show personal-touch-in service. This draws our attention on imparting special training to them so that they understand the behavior and expectations of students and attempt to satisfy them. To be more specific the students having a rural background have yet not crossed the threshold barrier. This questions their receiving capacity vis-à-vis the retention ratio. If they remain dissatisfied for the long time of if teachers are not communicating to them effectively, they stop coming to the schools. This problem is found at peak, specially in the rural areas. The teachers are not accountable for the increasing drop-out ratio. The crux of the problem is that a majority of the weaker sections come under this purview which jeopardize all our efforts for making them educationally sound.

If we are really interested in initiating qualitative-cum-quantitative transformation in the system of education, we have no option but to seek the best possible, cooperation of teachers. So far as the private high schools are concerned, the magnitude of the problem is not so grave since the teachers if they fail in motivating the students are forced to make a good-bye to the schools. In addition, we also find the minimum possible gap between the formulation of policy and its implementation in the desired way . So far as the financial incentives to teachers are concerned, the government high schools are found establishing an edge over most the private high schools but so far as the offering of services are concerned we find a reverse trend. The motive is to involve teachers in the time honoured implementation of teaching plans and in the efficient . It is against this background that we need to assign due weightage to value-addition process right from the elementary stage, mainly to inject ethical values to receive best and to deliver the same.

STRATEGIC MARKETING

We have gone through different dimensions of marketing secondary education. It is an important stage from where we start talking about the development of knowledge .After the completion of this stage the students are supposed to get intermediate education. At the secondary stage, we are supposed to teach and educate the most sensitive segment of the society. To be more specific when we find teenagers acting as prospects the task becomes more complicated. It is against this background that we need an action plan keeping in view the latest developments in the society . This would help us in making the educational plans more creative and productive. Earlier we have talked about the curriculum/syllabi. In addition to other aspects, we need to make the curriculum more interesting . It is this context we focus on music and art as an integral part of secondary education. Besides, sports also need here a special emphasis. Generally in the rural areas the students fail in getting due cooperation of teachers which ultimately force them to stop education. In the urban areas, the parents are conscious and willingly or unwillingly the teachers have no option but to extend their best cooperation to the students at different stages. Hence the teachers working in the rural areas are required to be given additional incentives. This would motivate them and the results would be positive. But we should link the incentive plans to the efficiency.

Strategic marketing advocates in favour of innovations in education. The government and private high schools are supposed to redesign their curriculum and to inform and persuade the prospects in a right fashion and therefore they have to activate their efforts. The personal and non-personal promotion measures are to be made more creative in their efforts. Unless we have innovative services, we do not find any justification for investing a lot of on promotion. If we have quality services, the word-of-mouth communication would simplify our task. The prospects and the parents would come to know the realities from their friends, relatives and so on. It is not meant that they should not think in favour of advertisement and publicity but here our emphasis is on an optimal investment. We should have a budget for promotion but an overriding priority should be given to the services that we make available to our students. In the Indian setting we need priority attention to the rural students and the rural high schools. It is due mainly to the fact that the condition in the rural areas is found very alarming. The conscious students and rich parents prefer urban high schools which promote migration of rural population to the urban areas. If we plan to develop a school in the villages close to the towns and cities, the "reverse exodus" cannot be denied which would only not encourage rural students and parents but would also engineer as foundation for the development of backward villages. In the beginning it is very natural that the private sector would not follow it and therefore the government high schools equipped with world class amenities and facilities should preferably be opened in the villages not in towns and cities.

MARKETING OF INTERMEDIATE EDUCATION

After the completion of secondary education, we now bear the responsibility of strengthening the foundation for higher education and this is made possible by enriching the intermediate education. Again we have to manage the teenagers, which complicates our task and requires more professional excellence. The selection of a particular discipline is made at this stage and therefore it is an important decision making area for career planning. The aptitude test is to solve the problem efficiently in selecting a particular area for developing knowledge . Like the secondary education, we find here the involvement of both the government and private plus-two

schools. In addition we find this stage also suitable with the view point of vocational education since the prospect are now found at the threshold of maturity.

At almost all the stages of education ,the development of curriculum is found in the face of changing socio-economic and cultural requirements and this stage cannot be an exception to this well established theory . While designing syllabi we need to assign due weightage to the prospects and their background, specially to brush-up their potentials in tune with their counterparts living in the urban areas and coming from highly educated families. As and when we find threshold barrier the best solution is to start a crash programme to remove it on priority basis since it proves to be an important barrier to effective communication and further develops inferiority complex. Though the educational institutions assigning an overriding priority to this dimension from the very beginning do not face such problem but in the Indian setting a number of institutions keep it at the bottom of their agenda which complicates their task and the students ultimately become less receptive. Whatever the discipline they opt for should be in the face of their past record or in the face of an aptitude test since in some of cases we find students fetching high marks in a particular subject but showing least interest in developing expertise and specialization in that subject. We assign here due weightage to the vocational course since it is found helpful in many ways. To be more specific the poor students who are not in a position to afford expensive education can get difficulties in developing expertise in the same area, if students like or the circumstances necessitate.

The promotional decisions also play here a important role to motivate the prospect. The instrumentality of personal promotion determines the magnitude of success. The students are here conscious and therefore the teachers are supposed to increase their communication ability. Of late, a number of technologies are available to focus attention on emerging sensitive problems and the teachers are expected to use the same to minimize the duration of credit hours for their core curriculum so they get enough time to go through the allied problems related to informal education. At this stage , drug addiction is found emerging as a big social evil and teachers, as a part of informal education can highlighted on its negative effects. In addition advertisements are also used here to motivate students particularly to seek admission. The private schools are found advertising through printing media but again we do not find government schools

showing interest in advertising . If the media supports them they can make it possible even without raising their budgets. We do not find anything wrong in advertising since through advertisements we provide an opportunity to our students to judge the best and to take a decision in tune with their requirement and potentials. The government as well as the private. schools should attempt to develop rapport with the media so that publicize efficiently without influencing their budgets.

We find fee-structure a critical decision making area for private or public schools. Since the institutions are now required to invest more on inputs, it is judicious that they charge more for their outputs. Like secondary schools, the plus-two schools are also supposed to adopt a rational fee-structure which provides an opportunity even to the poor and weaker sections of the society to take admission and to get education. The motive is to subserve the social interests and we find holistic pricing policy suitable for educational institutions since it only not paves avenues for the development of schools but also provides an opportunity to the poor and intelligent students to get education. So far as the private schools are concerned we again find a case of conduct that regulates the private schools in particular to adopt a rational fee-structure.

So far as the generation of financial recourse is concerned we should open avenues for both the government and private schools. They should be given a freedom to collect donations from big business houses, affluent section of the society and so on.

VOCATIONAL EDUCATION

Our strong emphasis is on the fact that higher education should not be generalized. The excellent students should prefer higher education. In the Indian setting where we find unemployment problem at its peak it is a crying need of the hour that we promote vocational education. It is against this background that we have included it in the service mix for both the students who have passed secondary school examinations or have completed Intermediate education. This would help them in becoming self sufficient. Not only this the employment opportunities would also be generated for blue collar workers. With a view to restructuring higher education, to delink degrees from jobs and to strengthen education to make it good enough to get a job, government has initiated a number of programmes for introducing vocational education both at the school and collage levels. This is with the motto of diversifying the educational opportunities,

enhancing individual employability, reduce the mismatch between demand and supply of skilled manpower and provide an alternative for those who are not interested in getting higher education.

The vocational courses are offered at the plus-two stage in its major areas, e.g. , agriculture, business and commerce, engineering and technology, health and Para-medical services and home sciences. It is right to say that we have not been successful in marketing vocational courses successfully since till now only 4 per cent students have been allured. A number of colleges and polytechnics and institutions have been found offering this course. We find vocational courses also for degree students where the subjects are archaeology and musicology, advertising and sales promotion, mass communication and video production travel and tourism management, actuarial science and several others which could provide added specialization. We also find institutions offering a range of vocational and skill based career development courses in areas such as gems and jewellery, footwear technology, plastics, food processing and construction management.

It is a difficult task to vouch for the credentials of all such institutions engaged in imparting vocational education but it is not wrong to comment that a number of institutions have not been successful in making available quality education of the students. Vocational or professional courses need specialized teaching personnel but by and large in almost all the institutions we find substandard teachers engaged in educating the students. This makes it essential that we are selective. The demand for competence in vocational skills is bound in time to usher in a training revolution where people entering occupational areas, will be recruited on the basis of their competence rather than their qualifications. Some of the students also opt for interior design, textile or accessory design, commercial art, graphic design or advertising. The professional courses require conceptual and intellectual skills but we do not find the same thing with the vocational courses. Here, the practical knowledge plays an important role. The students in getting the theoretical knowledge are supposed to know only the fundamentals. It is significant here to mention that computer industry has also been opening new vistas for vocational courses.

In India, the computer industry is found growing at a phenomenal rate of 45 percent per annum. It is among the fastest growing sector of the Indian economy. By the turn of this century, this sector of the approximately 2,25,000 fully qualified professionals, apart from 75,000 part-time operators. Just in the first decade of the 21st century, the requirement would be near 4,00,000 computer professionals. These facts are a mute testimony to this proposition that it is a growing sector and in near future would contribute sizeably to the job market. But the main thing is to maintain the international standard so that our professional are efficacious enough to deliver world class services. Another expanding field is that of hospitality and travel. Or say, the hotel industry has also a bright future. We would need a number of professional for this industry. Food catering and beverage management, housekeeping personnel and other hotel services are to create new job opportunities. The tourism industry would also get an important place which would require a good number of personnel in different areas like travel agents, tourist guides, tour operators. Mass communication would also be a fast growing sector.

We accept the fact that in a country like India where we have tremendous opportunities, our problems aggravate since we often fail in capitalizing on the opportunities in a right way. The policy makers are required to assign an overriding priority to the development of curriculum in the aforesaid areas by taking the support of experts. The motive is to impart quality education so that we contribute a lot to the processes of globalization of economy. Motivating the students in these areas is a crying need of the hour and therefore we talk about creative advertisements so that prospects are sensed and influenced in a right way. Once we succeed in speeding up the circle of vocational education, the avenues would be paved for lucrative jobs.

MARKETING OF HIGHER EDUCATION

Education for the development of excellence; education for the development of expertise; education for the development of knowledge are some of the motives which necessitate a sound strategy for the development of higher education in almost all countries, of the world. Establishing leadership in the world is possible when we have a well developed system for higher education in which efficiency remains the only criterion to evaluate the performance. The universities, colleges, institutes, studies and research centers and found engaged in the process of offering higher education.

Scientific inventions and innovations, technological advances , professional excellence, managerial proficiency are some of the important dimensions playing a decisive role in shaping the destiny of a nation. The system of higher education is found efficacious in making available to the society a dedicated, committed , devoted and professionally sound team of human resources who decide the future of a nation. Against this background the crying need of the hour is to manage the system of higher education in such a way that sets a right direction for the development of human resources in the national and international perspectives. Quality output in a very natural way need quality inputs which generally are found expensive. We attempt to focus here on the problem of rising costs of inputs for producing the quality outputs. In the Indian setting the problem is found a challenging one since the masses are not in a position to afford the high costs for getting the quality services. The universities, colleges, institutes, research centers are found in a depleted condition. The financial crunch is a major problem which has been disallowing these centers to incorporate the time honoured changes in their curriculum even if they are found dying. Expect a very few almost all the centers are engaged in producing substandard outputs resulting into unemployment poverty and backwardness. It is in this context that we talk in favour of marketing higher education which according to the holistic marketing principles enrich the efficacy on these centers vis-à-vis offer quality services even to the poor persons having an outstanding educational background. This is based on the principles of societal marketing in which the educational institutions are not supposed to make profits. Thus the marketing practices here pave ways for the development of human resources in the face of international specifications. Here, the qualitative transformation establishes an edge over the quantitative transformation.

Service Mix

In the marketing process at the very outset, we turn our eyes in the multidimensional services to be made available by these advanced centers of learning. We call it a service mix. This in a very natural way gravitates our attention on curriculum which only not produces efficient persons but even dedicated and committed persons. At the different stages of education, we have talked about ethical , moral, social and cultural values. If we have developed human resources in the face of curriculum discussed earlier, it is very natural that a sound foundation is already engineered for subsequent

developments. Important dimensions of the service mix are buildings, furniture, sanitary, water electricity, library, equipments, laboratory and the teaching and non-teaching personnel. In the face of technological advances, the universities, colleges, and institutes need to equip the information center for data processing. These items increase the costs on inputs though for innovations in education we find them very much instrumental which have a far reaching effect on ch communication ability of teachers. In addition, it is also found effective in increasing the receiving capacity of students. To be more specific the institutions now need to have a well established computer lab. For the development of premises, the plantation and gardening are also found important . The car-parking , cycle-parking, auto-parking arrangements of late, are found necessary in almost all the educational institutions. In the group of sophisticated communication technologies, we now find fax machines essential to transmit and receive important messages. The computers are required to be connected with internet. These recent development are now making the educational services more expensive. If we have to makes available to our students, the world class teaching aids, we cannot underestimate the latest developments. On the other hand the prospects are not in a position to bear the high fee-structure. The educational institutions find it difficult to improve their core and peripheral services due mainly to financial inadequacy. The government colleges and institutes fail in mobilizing finance from the internal sources. It is in this context that we talk about improving the services even if the prospects have to bear some burden.

Promotion

The universities, colleges and institutes across the country have been found making huge financial provision for promoting their services. In the Indian setting, the private colleges and institutes have also been following the same strategy but so far as the government managed colleges and institutes are concerned they are not in a position to follow the same due to financial constraints. Since we are discussing this problem with the notion that educational institutions have to make possible qualitative and quantitative improvements in the system, we do not find any thing wrong in promoting the same. Here, the teachers and non-teaching staff can play a significant role. The personal promotion is related to the instrumentality of teaching and non-teaching staff who play a decisive role in motivating and influencing the prospects. The audio-visual exposure has

been very successful in sensitizing the prospects. We can also take the support of printing media. The TV and radio should have a policy to promote the educational institutions, specially to motivate the rural prospects and categorically to influence the girls living in the rural areas. They are supposed to charge very nominal amount for this purpose and to advertise the messages and slogans during sensitive hours keeping in view the rural prospects. If we talk about a rational policy for fee, it is judicious that we also talk about bearing of social burdens by media. The publicity measure are also required to be strengthened and for this we need to develop rapport with the media person. To be more specific for the government managed colleges and institutes ,we find it essential since they are found charging very nominal fees from the students. The motive in promoting the services is to inform ,sense and motivated the prospects so that we succeed in getting the best intakes, to impart world class education.

Fee-structure

In India, we find a majority of the persons poor and marginally poor, it is a challenging task to adopt a fee structure which is welcome by almost all the segments. However we find it essential to go through the problem and to suggest a strategy which is acceptable to the majority of our prospects. It is not essential that higher education facilities are made available to all. It is against this background that we have talked about vocational education. The students coming in the "average" category or even in "good" category should prefer specialization in the vocational courses . On the other hand the students under the "exellent"and "very excellent" categories should prefer higher education. We do not talk here about regional or rural bias. The facts are based on their credentials or say, outstanding merits. The colleges , universities and institutes should adopt a rational fee strategy which charges the least possible fees from the poor students. We can also think here regarding free-of-cost education to the students found extraordinarily meritorious but abnormally poor. On the other hand the losses on account of this provision should be shared by medium and high income groups in proportion to their incomes. We can also think in favour of providing tax exemption facilities to the medium group parents paying high fees. The donations received from different sources should be meant for the development and expansion plans. Such a rational fee strategy would make the educational institutions competent enough to initiate qualitative and

quantitative transformation in the higher education. The students would be benefited and the educational institutions would contribute substantially to the formation of human capital. It is not wrong to mention that now parents are found more conscious to the education of their children and they make huge provision for the same in their family budget. This is simply to focus that now prospects are very conscious to get quality education even if they have to pay more.

In a country like India, it is essential that government colleges with all the latest facilities are located in villages so that the problem of urban congestion is minimized considerably. In any case, the private or government colleges and institutes should not create such a situation which stands as a major barrier in promoting education to women. Contrary to it , they should formulate such a strategy which motivates and persuades them to come out to develop their credentials so that their contributions to the development of education and knowledge are increased substantially. We can use fee as a motivational tool for this purpose . In addition, we should also offer to them other incentives. It is against this background that such a strategy would pave ways for the development of the personalities children. Since tomorrow when they become a father, mother they can educate and train their children.

Distribution

Our emphasis is here on the gap that we find in between the formulation of an education plan and its implementation in the institutions concerned. In most of the cases, to be more specific in the government colleges and institutes, we find it acting as a major barrier. The policy makers frame policies and the bureaucrats in government and line-staff in universities, colleges, institutes waste much more time in their implementation. The development and expansion plans, the scholarships to students, even salaries to teaching and non-teaching staff are delayed on that account. At this stage when we advocate in favour of offering more financial and non-financial incentives to students and teachers, such a situation is to jeopardize our all efforts. Once again, it is essential to focus on the problem that if the IITs and IIMs are making available to the society the best lot of human capital,it is not due to building, furnitures, and other material assets they have but due to efficient, qualified and dedicated teachers. The motive here is to make it clear that even with the least possible infrastructural facilities, we can be successful in

producing the best, if we have a team of efficient and dedicated teachers. In a true sense, we need a structural change in the distribution process and such a change should be practiced with the motto that students and teachers are not denied at least their minimum rights.

In this context, it is also essential to turn our eyes on other side of the coin. We also find cases where teachers get due salaries and other incentives but fail to discharge even their duties then what to talk of their personal involvement in the process of energizing this mission. The administration should not hesitate to punish those teachers.

The main thing is to seek the best possible cooperation of all who are acting as a chain in imparting education. We can make it possible by minimizing the gap and fixing their accountability.

STRATEGIC MARKETING

In the Indian environment a good number of educational institutions engaged in offering higher education are found in red. We cannot expect excellence in education unless concerted efforts are taken to bring things on rail. A mushroom growth of substandard institutions cannot serve our purpose. To be more specific when the intensity of competition is found at peak, it is pertinent that we set a target and fix budget. We cannot deny the fact that a complete departure from ethical and moral values has considerably been responsible for the present degeneration in almost all the areas. Of late, we find lack of work culture, organizational culture and value-based policy decisions. If we go to the roots of the problem, it is almost clear that an important reason for the present degeneration in the system is lack of value-added education. If we educate, train and develop human resources without inculcating values and culture in their credentials, it is very natural that almost all the sectors sooner or later suffer sizeably. The policy makers, decision makers, technocrats, bureaucrats, politicians, teachers, etc. are the products of social institutions. And if the social ground we talk about strategy marketing for higher education. We have a task to educate, train, and develop human resources who are not only technically and professionally sound but at the same time are also morally and culturally sound to serve an organization in a right

fashion. We go through the problems in the Indian perspective where a number of persons though very excellent fail in getting higher education since they are very poor.

Once again we except the fact that higher education should not be generalized. The services are meant for those who have excellent and very excellent educational background. At the outset, we turn our eyes on the curriculum and the necessary changes that we feel essential. While developing curriculum, we need excellence in education both according to the national and international specifications. Time tested norms, modernization of infrastructural facilities, team of faculty, responsiveness to social interests due weightage to serial values, customers etc. are some of the key dimensions an which we need an intensive care. We have professional excellence but we lack national excellence. We have awareness but only for personal gains. We have intelligence but only for manipulation.

Obviously it is essential to incorporate necessary changes in our syllabi in tune with the latest developments across the country but at the same time have also to be careful that values are not on the bottom of our agenda. A fair synchronization of professional and national excellence thus would serve our purpose. The secrets of Japanese developments are coiled in the essence of their dedicated and committed team of human resources who never disappoint their organizations. It is in this context that we need an overriding priority to the national excellence. We talk about free of cost services to the poorest to the poor but after getting education, they are also found migrating to other countries for capitalizing on the opportunities just for materialistic personal gains. Do we find it judicious? Thus the need of the hour is to develop human resources and to be sure that services are available to the nation.

We talk about promotion with the motto of informing, sensing and persuading the prospects. Since we are initiating qualitative improvements and therefore we do not find anything wrong in advertising and publishing . Here it is also important that we are not making it a business . The educational institution should have a budget for promotion and the limits should not be crossed. We cannot deny that word-of-mouth communication or recommendation is considered to be the most sensitive device to promote the educational institutions. The advertisement messages, slogans and appeals may be insensitive but the recommendations of our friends, relatives are sure to be

proactive. In the marketing world, we also call them hidden sales-force and the teachers in the world of education are found playing this role of producing a hidden sales force . If in the universities, colleges and institutions, we find very excellent teachers , the prospects in general would prefer to seek admission there. Since we have to make sincere efforts to have a team of dedicated and devoted teachers, these things need an intensive care.

In the context of setting fees, we need more care. It is very natural that increasing costs on inputs advocate in favour of a high fee-structure but we need to explore avenues for adopting a fee-structure that allows even poor students to taste the flavor and fragrance of expensive and world class educational institutions. Earlier we have talked about a rational fee-structure which would , of course, be helpful to the educational institutions. The motive is to open doors for excellent and very excellent poor students. If we are really interested promoting women's education, we should think in favour of a special fee-structure for them.

Regarding distribution of services, the government managed educational institutions need a basic change in their policy decisions. The policy makers bear this responsibility and let's hope that they make possible revamping of the whole structure in the face of recent developments across the country. They are also supposed to provide more autonomy to the educational institutions so that a big gap in between the plan formulation and plan implementation is minimized considerably.

MARKETING OF COMPUTER EDUCATION

Information technology has a wide scope and computer education is growing everyday and it is recognized as the best catalyst to change the life of people. The introduction of computers in modern office environment and the population of internet has helped computer professionals to popularize this service. The number of internet user has increased substantially over the years and eventually there is business on the net for everyone, irrespective of your background , be it a designer , a lawyer or a chartered accountant. Now in the emerging world of information technology , there are number of government and private institutions offering computer education. Computer education is given more importance apart from the primary education of children.

In homes, today there are computers and internet connections which have proved useful to the family and the children. So when people learn to use the computers, they are benefited in so many ways. In recent days, the enrolment of women in computer education are on the rise. A lot of institutes are providing computer education in India. Major players are NIIT, APTECH, SSI, RADIANT, CSC, BITECH PENTASOFT , PENTAFOUR , PENTAMEDIA. A government undertaking CMC Limited is also providing good computer education to people. Number of new computer institutes are emerging with the latest technology in computer education .

Figure-4:7

Products of Leading Computer Education Institute in India

A.	**Product line**	
	Course	**Duration**
1.	Futurz e-Commerce+ Internet programme	From 3 month to 4 years. For college students.
2.	GNIIT	4 years
3	DNIIT	24 month
4.	E-Commerce Visual Application Developer	18 months
5.	E-Commerce Application programmer	12 months
6.	E-Commerce Programmer	3/6 months
B.	**Unique feature**	
	Web-based curriculum covering e-commerce technologies National placement service DNIIT provides access to a degree in computer science from select Australian and UK Universities.	
C.	**Technologies**	
	Java	Visual Basic 6.0
	VC++6.0	
	COM/DCOM	
	Win NT Server	ASP
	XMLV	LINUX 6.0
	SQL Server	
		Scripting JAVA,VB,CGI

Information technology is fast spreading more throughout the country in a better way opening job opportunities abroad . Internet is provided by the major Internet Service Providers(ISP) like VSNL, MTNL, SATYAM, ONLINE, MANTRA ONLINE and many ISP firms . So, many potables are coming everyday, which consists of popular websites for education, entertainment, business communication and other entertainment.

The brands which has captured the IT Industry are INFOSYS, SATYAMONLINE, WIPRO who are the majors and many other minors are also emerging everyday.

The dotcom companies are the new breeds in computer education. They provide useful information for several problems. Some of the popular dotcom companies are 123 India.com, Prizedjobs.com, Indiaproperties.com, indiainfoline.com. tradge2gain.com, indiagames.com, zipahead.com, fabmart.com, lexsite.com, broadcastindia.com, matexnet.com, intation.com, contest2win.com, jobsahead.com, and many others. These websites cater to the requirement of information needs of all classes of people and to both the genders.

The Target Group

The target group for computer education is mostly students and executives of all ages. In accordance with the trends of the society , students of primary education, secondary education and higher education are learning computer education, besides corporate executives who are working during odd hours. Nowadays, schools are having the advantage of computer courses n their curriculum. The target group for computer education is in the range of 15 to 25 age group.

The Product

Here, the product which is offered by various institutes are computer courses. Exhibit 6.1 shows the details of the programme. Mostly, the education packages designed by the service providers will accomplish the aspirations of the target group. Franchising has become popular among the institutes offering computer education. The popular institutes like NIIT, APTECH,SSI, RADIANT, PENTASOFT have set up franchising centers in several places in India by providing the infrastructure and better business solution to withstand the existing competition and cater to those planning to become computer professionals.

The Price

The cost of computer education has substantially increased when people came to know about significance of computers and internet. Few institutes offered free computer education during their launch. The price factor has a sensitive and significant role in selecting the computer education institutes by the customers. The prices have been

revised frequently to attract people to join computer courses without much hesitation. The cost of computer education has increased substantially in the past few years.

The Promotion

The promotion of computer education has grown to a great extent in the competitive world. The organizations providing computer education spend a lot of money in promotional activities to attract students in a better way with fee discounts, offers and other schemes. You come across advertisements in newspapers, magazines, outdoor advertising , in print media and television. People take quick decisions to join computer courses based on the publicity and celebrity of a particular institute. The focus of people in computer education and promotional activities lies in the better usages of media.

The Place

Many institutes have come up recently in India to build a good performance in the information technology enabled educational service industry . In metropolitan cities computer education mushroomed on a large scale. Many Institutes continue to flourish, generating business opportunities through networking and franchising. These institutes prepare potential information technology professionals.

The People, Process And Physical Evidences In Computer Education

Well trained, qualified people are put into operation by various institutes like NIIT,APPLE, CSC etc. and relatively less experienced and medium qualified people by local computer firms. Generally BE Computer Science/MCA qualified personnel are working in the field and in Hametors, programmer's system and data administrators. Process in Computer Education mainly affects the ability of the organization to deliver the service at the perceived quality of the customers. Giant computer training institutes will have tie-up with the parent company abroad and will have more knowledge and expertise pertaining to software and hardware developments.

Physical evidence includes the number of institute trained personnel who are working in the industry, their job recognition of the institutes and their certificates issued by these institutes. Usually, all computer institutes will have superior interior decoration, building and valet parking space. They also will have sufficient computer machines and other facilities to train the people effectively.

GLOBALISING THE EDUCATION SERIVCE

The forces of globalisation, deregulation, open competition, privatization, and technological changes are impinging on society . These forces that have an impact on society and business will be increasing, affecting the context in which education occurs and institutionalizes the system and a pattern of education and training is essential which manifests a paradigm shift obviously this leads to overall personality development of trainees and professionals to enable them to handle these challenges well.

Global higher education has undergone a paradigm shift. The cloistral pursuit of knowledge for its own sake, initiated by the renaissance, prevailed in the academic campuses for many centuries. It ushered in 'Liberal Education', which emphasized an unmixed philosophic enquiry into truth and rejected the pursuit of knowledge for utility. Thus study for work skill acquisition and other interests had no place in the ivory tower.

Professional education in India has expanded very rapidly in the last four decades. However, the major issues which we are confronted with today are the quality and relevance of education, in context of the changing socio-economic milieu. Unfortunately, our traditional educational system tests the level of ignorance rather than the knowledge and competence possessed by the candidate. It fails to tap and channelise the energies of the students for holistic development and optimum utilization of their potential to achieve large societal objectives. The system leads to lopsided development of personalities, without any humane fervour ,which fails miserably in managing men and resources . Such personalities fail to answer two critical queries:(i) What do I expect form society in the light of my potentialities and (ii) What do I owe to society in the light of privileges I enjoy as a member of society? Consequently, their learning suffers, motivation deteriorates and their perception becomes sick.

Academic institutions cannot avoid the reversal of their goals and the processes to achieve them. This reversal is substantial and it is not an exaggeration to describe is as a paradigm shift, from elitist esotericism to the common man's right to knowledge , from an inverted inquiry into the mind to an exploration of its environment be it economic , political, scientific or technological; and from being culture specific to

becoming universal and global. This paradigm shift, is unique in the history of global higher education and is explained in Exhibit 6.2 in detail.

The socio-political scenario prevalent in our country clearly reflects that our educational service is suffering from a number of deficiencies. The increasing rates of crime, corruption, injustice, agitations, unemployment and general social unrest vividly mirror the weakness of our educational system. The pseudo educated elite portray indecisiveness and lack of determination and are the general society at large. Thus, in the absence of a system that believes and works towards better understanding of needs , aspirations and potentialities of students ,the objective of producing mature, balanced and developed personalities seems unachievable.

At the turn of the century , we have thus inherited a system of higher education which is rigorously intellectual, widely diversified and helpfully social and utilitarian. Nevertheless, it is geared to achieve material wealth rather than build human resources. The youth of today are challenged to cope with the competitive marketing of their potential for money and seek comfort. They are not challenged to contribute to the quality of life on this planet. Ethical considerations, cultural affinities and involvement in national life stand low among their priorities. Educators are challenged to respond to such a system in order to make it viable in this century.

E. HOSPITAL

Marketing has grown in importance for hospitals , looking to strengthen their position in a increasingly competitive healthcare market place. A world-class hospital is a multi-disciplinary super specialty medical centre of international standards. Most hospitals today are well equipped with the most advanced diagnostic and treatment facilities. They try for total health care- preventive and curative. Most hospitals in India have grown to a truly world class stature over the years. Some hospitals have even obtained !SO 9002 certification. Ex. Mallya hospital, Banglore. ISO 9002 quality assurance is a structured and user friendly set of systems, which allows the staff at all levels of the hospital to follow simple procedures, which make the most complex tasks easy and efficient. It frees the senior management of everyday stress in observing and monitoring tasks, which have to be completed on daily basis.

MARKETING MIX FOR HOSPITAL SERVICES

Product

A Product is a set of attributes assembled in an identifiable form. The product is the central component of any marketing mix. The product component of the marketing mix deals with a variety of issues relating to development, presentation and management of the product which is to be offered to the market place. It covers issues such as service package, core services and peripherals managing service offering and developing service offering. Hospitals today offer the following services which are as follows:-

- Emergency services.
- Ambulance services.
- Diagnostic services.
- Pharmacy services.
- Casualty services.

Emergency services : Emergency services and care at most hospitals is unique and advanced. The hospitals have state-of- the art ambulances. The CCU's on wheels under supervisions by medical and Para-medical staff. There is hi-tech telecommunication available to a patient in an emergency at any given time.

Ambulance services : Hi-tech ambulances linked by state-of-the-art telecomm-unications are fully equipped with doctors that are available to render medical attention and assistance incase of emergencies at the patient's doorstep.

Diagnostic services : Modern Hospitals are multi-specialty and multi-disciplinary, that can handle any kind of ailment, they offer a wide range of facilities for example, Orthopaedics, Oncology Neurology, Plastic surgery, etc.

Pharmacy services : Most hospitals also have a pharmacy which is open 24 hrs. It caters to the needs not only of the inpatients and out patients, but also patients from other hospitals who require emergency drugs.

Casualty services : Includes a 24 hrs casualty department, which attends to the accident or emergency cases.

Apart from the above services, hospital also offer "Health diagnosis programme" which is a comprehensive, complete, periodic health check up provided for

busy executives, professional businessmen. The health diagnosis programme consists of the following :-

- Master health check up.
- Executive health check up, and
- Diabetics health checks, etc.

Generally the service offering in a hospital comprises of the following levels.

(a) Core level- comprises of the basic treatment facility and services offered by the hospital like, diagnostic services, emergency services, casualty services, etc.

(b) Expected level- comprises of this cleanliness and hygiene level maintained by the hospital.

(c) Augmented level- comprises of dress code for staff, air conditioning of the hospital, use of state of art technology , services of renowned consultants.

Price

Price is one of the most prominent elements in the marketing mix. Price charged must be acceptable to target customers and it should co-ordinate with other elements of the marketing mix. Prices charged by a hospital usually depends on treatment prescribed by the respective consultants and the facilities offered to the patient. As a service is intangible , it is very hard for determining the price of the particular service rendered. Pricing strategy adopted does not depend on the price offered by competitors. The pricing strategy is formulated after consulting the concerned heads of department. Prices of various facilities are revised every year depending on the change in technology. Before fixing Prices, government controls are also taken into consideration.

At the time of admission, an initial deposit will be collected at the inpatient billing counter. The amount depends on the category of room and the treatment/surgical procedure planned. Various categories of rooms, ranging from the general ward which attends to the needs of the lower classes to the deluxe suite which attends to the needs of the middle and upper classes are available. The prices vary from

Promotion

Promotion function of any service organization involves the transmission of message to present, past and potential customers. Customers need to be made aware of the existence of the service provided. Promotion includes advertising, sales promotions, personal selling and publicity. Hospital do not normally undertake aggressive promotion, they rely a lot on a favorable word of mouth. To increase the clientele, a hospital may continuously introduce different health services like the acupressure clinic, master health programs and diabetes health checkups apart from annual health check ups provided to different clients. Hospitals conduct camps in rural areas to give medical check ups at a reasonable price so that the rural people approach the hospital again in the future. They also sponsor frequent visits to the Spastic society, old age homes, etc. Hospitals generally advertise in health and fitness magazines.

Place

Place refers to contact point between the service provider and the customer, who gets the benefit of the service. This element in the marketing mix leads to the identification of a suitable location. The two main issues considered regarding the decision of a place are accessibility and availability of the service to customers. Accessibility refers to the ease and convenience with which a service can be purchased, used or received. Availability refers to the extent to which a services is obtainable or capable of being purchased, used and received. Factors influencing the placing decision are market size and structure by geographical regions, number and types of competitors in the region, location of potentially attractive consumer segments, local infrastructure, good road access facilities and public transportation network. A hospital must be ideally located and must be easily accessible to all.

People

The People component reflects the important role played by individuals in the provision of services, People are also an important element in the marketing mix. Service personnel play an important role in an organization which provides services.

The behaviour and attitude of the personnel providing services will influence the customer's overall perception of the service. Customers are a source of influencing other customers by word of mouth. It is necessary that the staff in a hospital are trained to provide quality patient care with human touch using state of art technology. The objective of providing quality service to the patients can be achieved by :

- Motivating employees to be efficient, dedicated and loyal to the organization.
- Providing regular on job training of employees to ensure continuous improvement in health care.
- Utilizing services of professionally competent medical consultants.
- Use of latest technology.

Motivation is not necessarily by giving high salaries. There are many other ways to motivate the employees. Concessions should be given to the employee's near one. There should be regularliaison with them at all times. Know what the employees want. There should be active participation of the employees in the activities of the hospital. In a hotel, where the clientele is happy, free from any kind of tension, the job of the staff becomes much easier. Where as in a hospital, the staff has to cater to the needs of sick, depressed and an agitated lot. Warm ambiences with cheerful and efficient staff help make the experience of the public a memorable one. Therefore, it is very important that the staff of the hospital is friendly and comforting, always wearing a smile.

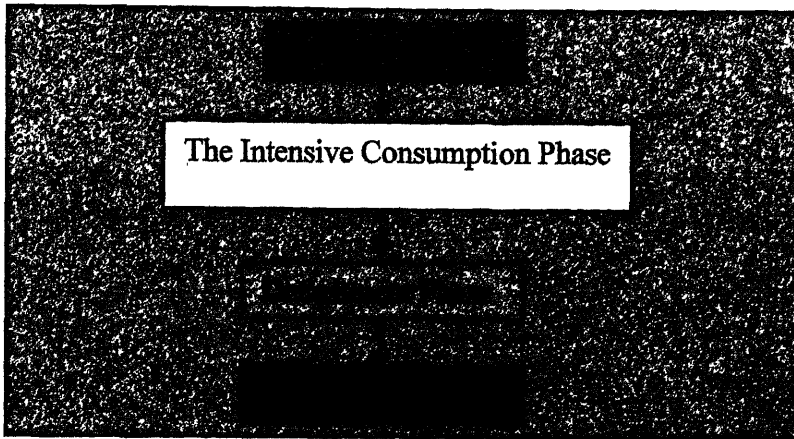
Process

Process is a set of activities that take an input, convert it and value to the input and finally create an output. Process has only recently been given much attention in the service sector although it has been the subject to study in manufacturing for many years. Processes are designed by blue prints, which sets a standard for action to take place and to implement the service. In a hospital, the process is divided into three phases.

I- The Joining Phase- which includes :

The arrival of the patient. Registration - where a patient has to make an initial deposit at the in-patient billing counter after which a file is opened in the patient's name to know the patient's medical history/

Fig. 4:8

A Typical Process in a Hospital

II- The intensive consumption phase- which includes;

Diagnosis – where the consultant diagnoses the illness by making the patients undergo various tests.

Treatment – when the illness is treated with proper medication or surgery etc. Information about further actions-the consultant will instruct the patient regarding the diet to be followed , the medication to be taken, when to consult him again in the future , etc.

III- The detachment phase – which includes :

Discharge of the patient – a patient can be discharged from the hospital on the advice of the consultant.

Payment – after the patient is discharged, the bill will be paid at the billing counter.

Figure. 4:9

General Process Organization in a Hospital

IV.Feedback- at this stage ,

The patient is requested to fill an evaluation form, which helps the hospital authorities to know the level of satisfaction derived by the patient, Patients' suggestions are always valued and considered and many times are very useful for improving the services of the hospital.

With in the hospital, if we look at each individual department, we notice that each department serves the needs of another department, for instance, the purchase department serves the needs of the stores, the billing department serves of the finance department, etc. So in a way, each department is a customer to another department, while at the same time it might be a supplier to another department. Each department is an 'internal customer' or the other departments. Only when each unit of the hospital understands who their customers are and what their needs are, will the hospital develop basis for giving the best service in the most efficient way to the patient.

In a way, each department or unit should consider itself to be a service provider serving the needs of the customer department. In a superficial level it may seem as if each department is functioning as an independent unit rather than a team. However, the world-over in many organizations that have used this concept, it has found that this kind of a customer-supplier relationship helps to provide an important system of checks and balances and gives the organization a more focused customer orientation.

Physical Evidence

Physical evidence is the environment in which the service is delivered with physical or tangible commodities and where the firm and the customer interact. Physical evidence plays an important role in hospital services. Physical evidence makes a huge impact on the customer. Physical evidence provides customers means of evaluating the service. Corporate image plays an important role in terms of physical evidence. This can be developed through corporate relation programmes.

Modern hospitals need to create a good ambience. Right from the reception one finds very cordial and comforting staff. The ambience plays an important role because when a patient walks into the hospital he immediately forms an opinion about the hospital. The staff follows a dress code to show professionalism and to maintain discipline. The staff is trained to be understanding, warm and comforting

because the clientele that goes to the hospital is usually disturbed or unhappy. It is necessary for a hospital to be well organized and segregated into different departments. All the doctors should be provided with a well-equipped cabin. The entire hospital needs to be centrally air-conditioned with good lighting. Ventilation is taken care of by air-conditioning.

Special attention should be taken to maintain hygiene; cleanliness and whole hospital must be well lit. This is taken care of by the housekeeping department. A hospital has to keep in mind both the aspects of physical evidence that is essential and peripheral evidence. Physical evidence particularly plays an important role in the hospital where the patients are already depressed or traumatized and a good atmosphere could make all the difference.

F. FAMILY PLANNING

"Excess of everything is bad" – a well known proverb makes it clear that even human beings considered to be the best creation of almighty God may prove to be a curse if we find a non-optional growth in their numbers. An abnormal expansion in the demographic structure generates numerous problems, e.g., burden on economy, unbearable on parents who are badly off, production of more food, opening of more educational institutions, hospital, generation of more civic amenities, infrastructural facilities and so on and so forth. It is against this background that economists, social scientists, environmentalists, academics and others have been found opposing a non-optimal increase in population. We make concerted efforts to develop the national economy and population eats the gains of economic development. It is not possible in an Indian setting that economic growth keeps pace with population growth. We cannot deny the fact that India's population has been growing at an alarming rate. If we fail in regulating the present trend, the very survival of the nation as a strong and establishing force in the quick sands of world politics or in the highly competitive and volatile world economy would be in jeopardy.

Of late, population-wise we are next to China but in near future, we are likely to top the list, if multi-faceted efforts are not activated to regulate the same. It is significant to mention that China has been successful in regulating the berth rate and the credibility for the same goes to their one child-one family' slogan, the strict laws

forcing the people to follow the rules or to face the consequences of violation in different forms, e.g., higher slab of tax, lower scale of salary, less civic amenities, no governmental support and so on. According to 1991 census, the population of India was 846.3 million and according to UN 1997 estimates, India's population stands at 960.2 million. By the turn of this century, we are likely to cross 1000 million. Of course, it is 1.6 percent per annum. In a true sense, we find a number of other constraints in promoting family planning and unless the policy makers make possible a basic change in their policy decisions, the population in India would keep on moving upward.

We cannot deny the fact that birth and literacy have a correlation. If the literacy rate moves upward, the birth rate goes downward, provided we are not influenced by other considerations. If we turn our eyes on the emerging trends in population growth, it is apparent that illiterates and rural population have contributed sizeably to the problem of population explosion. The crying need of hour is to control the birth rate and to ensure zero population growth. We accept that there are a number of devices to control the birth rate but when motives are biased, the task looks very much difficult. Willingly or unwillingly, sooner or later, we have to act on the line of China, otherwise the problem would go beyond our control. We talk of motivation, we talk about the instrumentality of social advertising, we also talk about the support of media to momentise publicity but these measures are found getting a lukewarm response since we find social, economic, religious and political considerations governing the size of population. In a true sense, there is no religion in the world that has ever opposed or have made any sanctions against population control since we do not find its mention in any religious scriptures. Whatever the developments or arguments that we find against controlling the birth rate are found motivated by political or other considerations. We do not find any justification for contributing 16 percent of the world's population when we have only 2 percent of the world's surface area. This is an imbalance of high magnitude which needs concerted efforts without any bias.

Paradoxically, in the Indian society the infertility is found increasing among those sections of the society who can afford to have more children. On the other hand, the sections which cannot afford are continuing to have larger number of children. The Sections capable of producing doctors, engineers, scientists, professionals,

academics are found satisfied with only one child or not more than two whereas the sections not capable of managing and developing even one are not satisfied even with half a dozen. This imbalance in quality of human resources is found standing as a major barrier to the formation of human capital. However, we are not arguing to increase fertility or birth rate in any sections irrespective of the fact that they are in a position to afford or rather make an advocacy in favour of a national policy which is found rational in nature and pragmatic in behaviour. The policy makers, of course, have failed in formulating such a policy which makes our task of intensification a smooth one. This is found complicating the whole process and making the family planning programmes ineffective.

To halt the march of population, it is essential that we gravitate our attention on some important factors, specially related to rural areas and rural population. We cannot negate the fact family planning programmes have miserably failed in rural areas where the illiterate men and women do not prefer to plan their families. The women often resent the very idea of male doctors looking at or touching their genitals. We do not have adequate number of male doctors then what to talk of the lady doctors. In Italy, we find one doctors for an average of 195 persons and in India it is one for 2,165 persons.

In view of the aforesaid problems, the crying need of the hour is to make the family planning programme productive. It is hoped that application of societal marketing principles would be successful in making the programmes more sensitive which would pave ways for their mass acceptability. This is just a managerial approach to improve the results vis-à-vis to optimize the family planning budget. A new approach, a new vision and a holistic marketing concept are expected to bring things on rail.

FAMILY PLANNING

Family Planning is a combination of two words "family" and "planning" virtually focus on planning the size of a family in tune with potentials available in a country. Thus, the planning here throws light on availability of natural and material resources in a country and an optional size of a family for which the available resources are found sufficient. Hence, the concept of family planning may also advocate in favour of increasing the size of a family and may plan to formulate a policy, which promotes

birth rate keeping pace with the available resources in a country. We are well aware of the fact that in the Indian condition, our material and natural resource deposits are inadequate to keep pace with the increasing number of population. Thus, in an Indian environment when we talk about the concept of family planning, our emphasis is on controlling the birth rate so that the available resources keep pace with the population rate. This is due to the fact that India is considered to be an over-populated country.

EMERGING TRENDS IN POPULATION

The emerging trends in population present a very alarming scene. According to UN estimates 1997, the population of India is 96 crore and based on an average, we expect to cross 100-crore just by the turn of this century when we have new census figures in 2001. We do not find any justification for contributing 16 percent to world's population when we have only 2 percent of the world's surface area. In a true sense, we are passing through the stage of population explosion. Despite multi-dimensional efforts taken to control the birth rate, the zero growth rate seems a difficult task. No doubt, the government and private hospitals, dispensaries, health centers, rural health centers and voluntary social organizations have been involved in the process of strengthening the family planning programme but the responses till now are lukewarm. If we are really interested in achieving the target of zero growth rate, firm multi-dimensional efforts are required to be activated in the right direction. It is against this background that we talk about intensive efforts to intensify the family planning programme.

In view of the emerging multi-faceted trends in population in India, it is right to say that virtually we have been facing the problem of population explosion. The crying need of the hour is to control it. Of late, we have a number of devices to control the birth rate. The main thing is to sensitize the vulnerable segments contributing sizeably to the population. We cannot negate that in the Indian setting, the rural illiterate segment is the most sensitive segment contributing substantially to the population rate of the country. Hence, we need to intensity our efforts in the rural areas. It is right to mention that an increase in literacy would pave ways for activating the family planning programmes in the rural areas. This would make our programmes effective. It is in this

context that we talk about the problem of marketing of family planning. The motives are to increase the sensitivity and to bring down the costs on implementation.

The emerging trends in population make it clear that we are facing the problem of population explosion. The need of the hour is to bring down the birth rate and the experts are supposed to devise effective ways. Of course, we have developed a number of modern devices to control the birth rate but the most sensitive segment of the society (rural spouse) are not to receive the messages transmitted by us. We need more professionalism in our decision-making and implementation processes. In addition, it is also essential that policy makers think over the problem seriously and attempt to revamp the same urgently. In the policy implementation process, the holistic marketing principles would, of course, simplify the task. It is against this background that we make an advocacy in favour of marketing family planning.

MARKETING OF FAMILY PLANNING

When we say marketing family planning, our emphasis is on helping the organizations; agencies involved in the process to formulate a service mix in tune with the target prospects or the segment for which the programme is meant. This is essential to increase acceptability of the programme vis-à-vis to strengthen the safety measures. The practices also help the organizations or agencies in promoting the programme professionally so that whatever the advertisement campaigns or publicity measures are initiated show a positive result. In addition, the marketing family planning also focuses on simplifying the programme in the process of its distribution to the ultimate users of the services. The channel should be small to minimize the time lag in the implementation process. In addition, we also go through the problem of making the programme cost effective while developing or offering the services. Thus, the perception of marketing family planning throws light on applying the principles of social or societal marketing so that the concerned organizations or agencies succeed in sub serving the social interests. Since the programme has by and large been found insensitive, especially in the rural areas, it is hoped that this approach to plan a family in the Indian perspective or anywhere in the world where we find the problem of population explosion would be successful in achieving the desired target with in the stipulated budget and time. It is against this

background that we find emergence of the concept of marketing family planning. It is nothing but a managerial approach to increase the effectiveness of our programme.

Moreover we find it a cost effective managerial approach to improve the quality of human resources. The approach is quite professional which turns it to be a mission and hospitals, public health centers, rural health centers find it convenient to touch the target.

Rationale behind Marketing Family Planning

Almost all the organizations, profit making or not-for-profit making, goods manufacturing or service generating bear the responsibility of sub serving the social interests. Against this background, we find justifications for the application of societal marketing principles in sensitizing the family planning programmes. We cannot deny that optimizing the demographic structure is the most burning task of today, specially in the Indian setting. The social scientists, environmentalists, economic planners and many others often advocate to control the birth rate. We attained independence in 1947 and started First Five Year Plan in 1951. Since then a number of steps have been taken by almost all the concerned organizations and agencies to activate the process of regulating the population rate but the responses have been Luke warm. This makes it essential that we study the problem in depth, comes to know the expectations of target prospects, innovate our efforts and professionalise the entire process. The following facts justify application of holistic marketing principles to make the programme a grand success.

Pro-segment Service Mix

The rural segment contributing sizeably to the population problems is found less receptive. The service mix of the family planning are required to be simplified. From Dr. Stone's message of Rhythm period to the Intra Uterine Contraceptive Device (IUCD), we find so many turning points. So far as the urban prospects are concerned, they can choose a method found convenient and safe to them but the rural prospects find the task more difficult. This makes it essential that the concerned organizations and agencies develop and offer the services in the face of a particular segment or make the service mix pro-segment. They can opt for tubectomy (females) and vasectomy (males). The formulation of a service mix in the face of

prospects is found essential and the marketing principles make it easier since we understand in depth the target prospects.

Cost Effective

The marketing of family planning programmes also throw light on the cost element. The motive is to minimize the cost right from the development of service mix to its distribution to the ultimate users. If they succeed in making possible economy, there would be a simultaneous increase in their potentials of offering the services. It is in this context that we find justifications for the application of marketing principles since the defined principles can make a cost-benefit analysis and develop and offer the services accordingly. Of course, a number of organizations are found offering free-of-cost services but it is also right to mention that they are not so serious to the post-operation complications. The cost economy would increase their efficacy of offering services to the users till they are cured and are found normal.

Making Possible Creativity in Promotion

Of course, we find media instrumental in advertising and publicizing family planning programme but so far as the success rate is concerned, it presents a very disappointing result, specially in the rural areas. The slogans and messages are not found throwing a positive impact on the rural prospects who have been contributing sizeably to the population rate. This diverts our attention on creativity in advertisement which is possible when we use the expertise of professionals in the very context. Personal promotion cannot be underestimated here since they play a vital role in influencing the rural prospects. An individual or a leader bearing the efficacy of motivating the rural illiterate prospects would be helpful in regulating the birth rate. Since the organizations, agencies in addition to the support of medical and para-medical personnel also think in favour of other popular personalities for sensitizing the prospects in a positive way, we expect more effectiveness in the family planning programme. Thus, a segment based study of prospects helps in making possible creativity in the promotional decisions and against this background, we find justifications for the application of marketing principles in family planning.

Time Hounoured Implementation of Programme

A target based task force is found essential for the time honoured implementation of any programme. We fix a target for a group or segment and the concerned organizations or agencies are supposed to achieve it with in the stipulated time. The doctors working in a particular area are supposed to achieve the target meant for an individual or for a team. This simplifies the task of evaluation of performance vis-à-vis paves ways for performance-based motivation. Setting of a target, the deployment of doctors or Para-medical personnel, allotment and provision of funds for the same and finally an evaluation of the actual results make the process scientific and action oriented. This is possible when we think in favour of marketing the services. It is in this context that we justify marketing family planning.

Contraction in the Distribution Process

The marketing principles also make an advocacy in favour of minimizing the gap between the formulation and implementation of a plan. We are aware of the fact that right from the government to the grassroots level where we find the most sensitive segment of prospects, the programmes in traveling to the target prospects consume much more time and money. This necessitates a small channel or a small gap between the service provider and the service-user. The marketing principles also focus on this aspect and attempt to minimize the gap. Not only this, it also simplifies the task of formulating a plan for a particular area and deploying the para-mediacl personnel and doctors accordingly. The medical aid, nursing of patients etc. can be planned in the context of segment to be covered.

The aforesaid facts are a staunch testimony to this proposition that the marketing of family planning is a just approach which would make the programmes more effective vis-à-vis would contract avenues for the post-operation neglect of patients. It would also make the services pro-active to influence the rural prospects in general and the rural women in particular.

SERVICE MIX

When we turn our eyes on the services related to family planning, it is essential that our ultimate users find the services convenient, safe and economic. There are a number of devices to plan a family, some of them are conventional whereas some

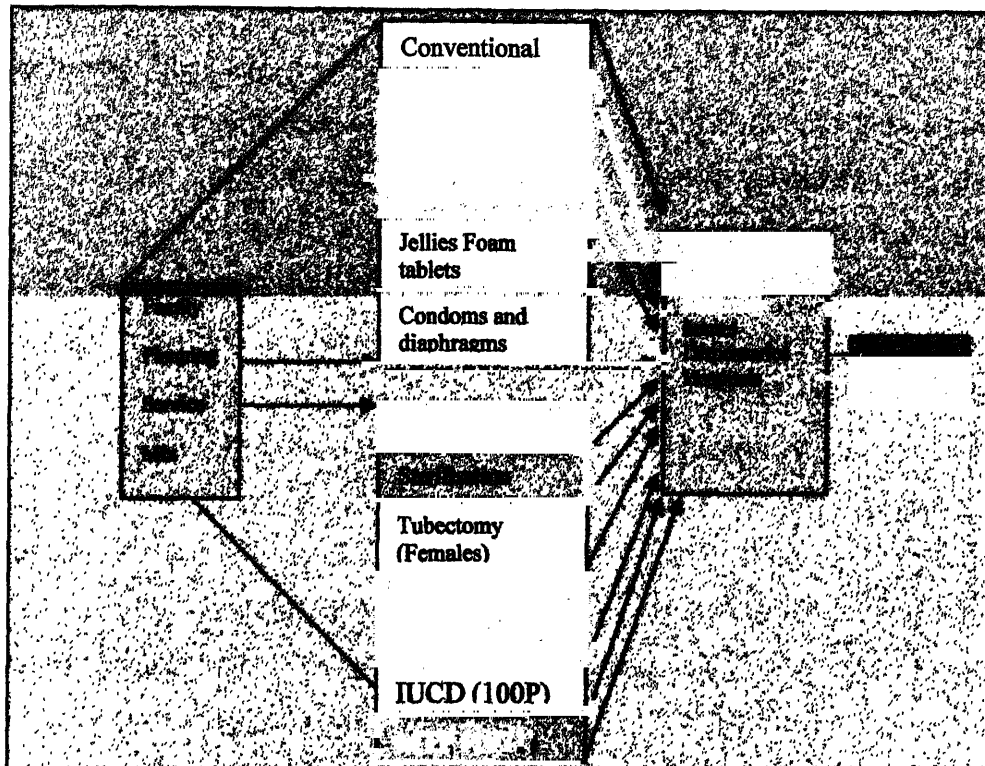
are non-conventional. It is upon the ultimate users to select a particular method. The main responsibility before the service provider is to motivate them in a right way so that whatever the confusion, misunderstanding they have perceived regarding a particular method is not to stand as a barrier to turn the prospects into actual users.

Dr. Stone's message of Rhythm period, in the very beginning, was preferred by some of the users but could not be so effective. Another method "Coitus interrupts" was relatively more effective but led to psychological tension and trauma. Thus, the first conventional method, "knowledge of rhythm period" could not gain popularity on account of its ineffectiveness and complications and the second, "coitus interrupts" could not be popular due to tension and trauma. We find then "Jellies and foam tablets" which also could not be acceptable to masses due to chemical barrier. Of course, the best in the conventional methods, Condoms and diaphragms could be successful but the risk and memory factors forced scientists to think in favour of the other non-conventional methods found more safe and convenient to the users. However, we find use of condoms by majority of the users. The primary health centers, maternity homes and dispensaries and hospitals are found involved in the process to make the non-conventional methods popular. Sterlisation, tubectomy (female), vasectomy (male), Intrauterine Contraceptive Device (IUDC) are some of the measures which could be used to control the birth rate. Out of all we find vasectomy meant for male, the best and safest device to control birth rate. A simple operation without any side effect helps male users to plan the family. Of course, the female users go through tubectomy and it is also a safe method but if we make a comparative analysis of both, the vasectomy for male is found to be the best and safest. We also find development of oral contraceptive pills for females and other devices. For females, the contraceptive pills have gained popularity and are found economical safe and convenient to the female users. Of late, we also find intensive research regarding contraceptive vaccine and it is hoped that in near future, the scientists would be successful in making the device public.

There are a number of organizations and agencies engaged in the process of providing the family planning services and we call them service providers. Some of the agencies are also managed by voluntary social organizations. In addition, the rural health centers and maternity homes are also engaged in the process. We find service mix

consist of both the conventional and non-conventional methods, As shown in Fig. 4:10 as a marketer, the sensitive issues are to make available to the users the safest, time honoured and convenient methods so that they are motivated to use and motivate others to use the same. It is also important to mention here that Medical Termination of Pregnancy is also an important device to control the birth rate which is now legalized and for this we have MTP Act 1971. However, it is more ethical that we avoid the same and prefer other devices conventional or non-conventional.

Fig. 4:10

Service Mix for Family Planning

An important thing in the service mix for family planning is to expand the programme to the rural areas where a majority of our population lives. It is against this background that we need to focus on the method which is found more suitable for rural males or females. In the conventional methods, so far as the condoms are concerned, it is very difficult to make it popular among the rural illiterates who have a different lifestyle. This makes it clear that even for rural population, we concentrate either on tubectomy or on vasectomy. Of course, we find contraceptive oral pills also more effective but again

we find it difficult for the rural illiterate women to follow the necessary instructions. This makes it clear that the concerned organizations or agencies have to concentrate on tubectomy or vasectomy. We have a very small number of lady doctors and the rural women often hesitate to come before the male doctors then what to talk of further treatment. Again this stands as a barrier.

We find vasectomy the best device to be promoted in the rural areas. In this context, it is also significant to mention that the concerned organizations or agencies instrumental in the process have often been found neglecting patients after vasectomy. Of course, it is minor operation but the medical and paramedical personnel should continue treatment till a patient is cured, specially to remove the fear psychosis.

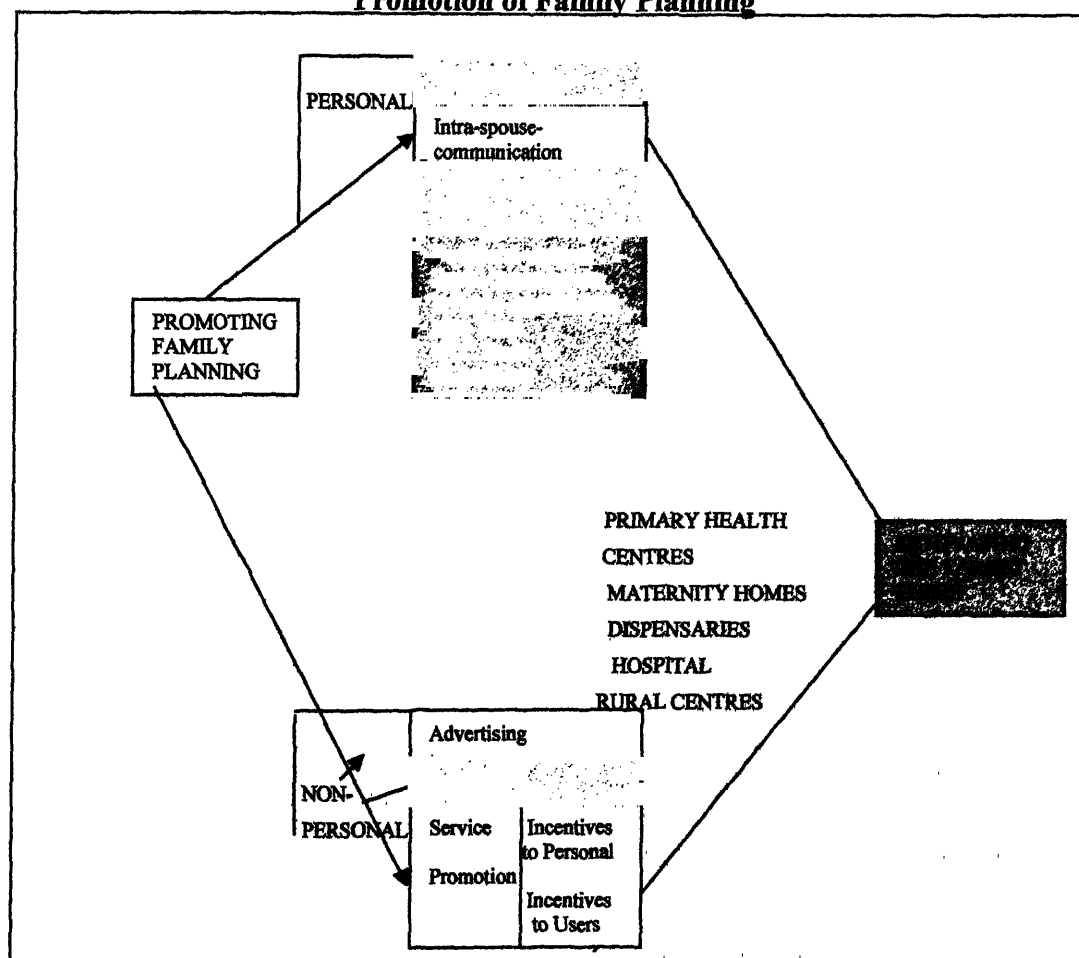
Promoting Family Planning

Promotion plays an outstanding role in raising the effectiveness of family planning. We cannot ignore the fact that a majority of urban population are found conscious and therefore we need to intensify our efforts in the rural areas. It is right to mention that personal promotion is found instrumental in making the programme a success. A study of the role of satisfied users on communication of family planning ideas indicates that users communicate much more than non-users. Other studies have also highlighted the significant role of adopters in influencing non-users of family planning methods. A study of vasectomy cases in Mumbai revealed that most of the acceptors had received information about the method from friends and relatives. These facts are a mute testimony to this proposition that we should seek the co-operation of hidden sales force, the role played by adopters of our services or the satisfied group of users of services. Here, once again our emphasis is on improving the quality of service mix since unless the services are of quality, our past users would not advocate in our favour. In the marketing literature, we also call it word-of-mouth communication or recommendation. How to get the support of satisfied past users, or a social leader, or a vocal person, or a prophet, or a leading cine artist who speaks much in our favour and tries to motivate the target users. In addition, the family planning core and peripheral workers or say, medical and para-medical personnel can help us in promoting the services. Since we need to concentrate our attention in the rural areas, it is pertinent that to motivate or to influence the rural prospects, we take the support of lady doctors, or adapter females preferably of the same

village. The voluntary social organizations, school teachers, political organizations should also evince interest in promoting family planning. It is very natural that to activate the medical and para-medical personnel we should think in favour of a target-based incentive plan.

In the context of promoting family planning, intra-spouse communication inter-action or communication between wife and husband on the problem of family planning can also be helpful. The word-of-mouth communication or other promotional devices can be instrumental in motivating them. The intra-spouse communications develop a positive sense and the promoters then find it easier to motivate them. Or if they are convinced can also make other efforts to control birth rate. We have gone through the personal promotion.

Fig. 4:11

Promotion of Family Planning

The Policy makers, no doubt, need a rational policy for promoting family planning so that our investments are to be productive and numerous social evils cropping up as a bye-product of population problem are corrected on time. Of course, we need to instrumentalise the non-personal promotion measures but it can't be refuted that word-of-mouth communications occupy a place of outstanding significance, especially while sensitizing the rural prospects. It is a matter of common knowledge that most communications generally originate, circulate and end in primary group.

Non-personal Promotion

In Figure 4:11 we also find emphasis on non-personal promotion measures. At the outset, we find advertisement playing a significant role in motivating the target users. While advertising family planning, it is essential that we take the support of media and professionals having expertise in the area of advertising. Of late, we have Prasar Bharti where we find AIR and DD-I responsible for advertising our messages and campaigns. If we talk about the urban prospects, they are found convinced with the fact that a small family is a crying need of the hour. But we have miserably failed in wooing the rural prospects contributing sizeably to the problem of population. The advertising agencies while designing advertisement layouts or while composing slogans and appeals have to keep in their minds the receiving capacity of rural prospects, specially the illiterate prospects. A regional bias in advertisement slogans would make our slogans highly creative and would be instrumental in sensitizing the rural prospects. Of late, when more than 90 percent of our population have AIR and DD-I services, the task is not so difficult. In addition, the media should also think regarding the televising time for advertisements related to family planning so that the target users get an opportunity to view it. We cannot deny the fact that media have been extending the best possible co-operation but at the same time it is also right to say that the advertisement slogans, messages, campaigns lack a rural orientation. Thus, an important task is to make it creative.

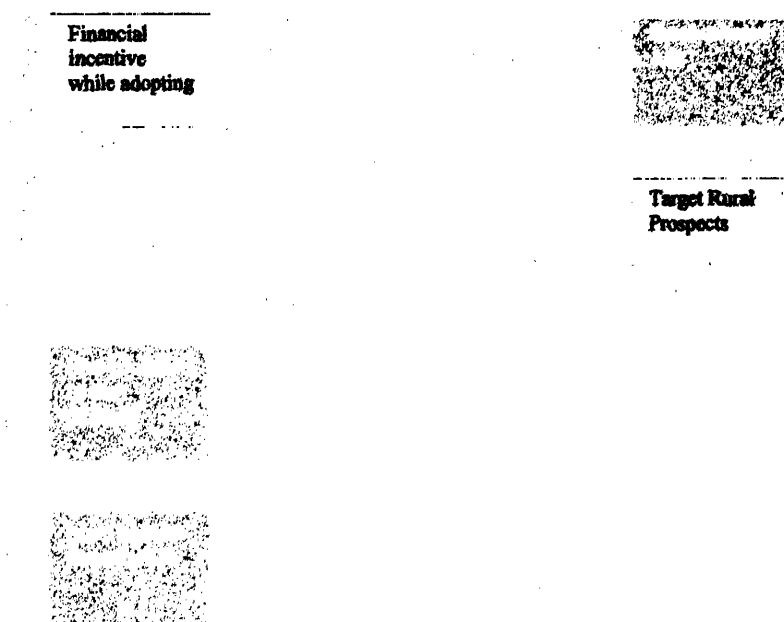
In addition, the publicity measures also divert our attention. The related organizations, agencies or providers of the services should try to develop rapport with the media and should narrate to them their efforts and should also highlight the constraints or difficulties in the process so that they make it a cover story or place it on the first or

front page. It is a device to promote family planning without a budget and therefore we should make our best efforts to use this tool in a right way. Besides, the media while writing on sensitive social problems should select this problem on a priority basis.

Motivating Rural Prospects

The most important aspect in activating the promotion process is to assign due weightage to the rural prospects. These incentives would be only to prospects who have adopted family planning after one or two children. The rural users adopting family planning just after one child would be given more incentives under four heads as shown in Figure 4:12 but the incentives would also cover the users adopting family planning even after two and three children, of course, there would be a proportionate variation in the incentives. The motivators such as medical and Para-medical personnel and satisfied users of the services preferably of the same village would be instrumental in the motivation process. The intensity of success of motivational efforts would in a very natural way depend on the prospects and the number of children they have.

Fig. 4:12

Motivating Rural Prospects

About 75 per cent of our population live in the rural areas. It is against this background that we need to focus on the rural prospects. We can quote the example

of China where one-child motivation plan could be successful in regulating the birth rate. The incentives are there and the rigid regulations are also there. The prospects not influenced by the motivational plans are forced to adopt the scheme of family planning. In the Indian setting we are very liberal, An attitudinal change is a crying need of the hour. If we succeed in motivating the rural prospects, our task of controlling the birth rate would be simplified considerably. We cannot deny that the success rate of this plan would depend on the attitude of policy makers and the instrumentality of operational apparatus. If China could be successful in controlling the birth rate, we do not find any reason for our failure, provided our decisions and policies have a rational approach, a strong base without any bias.

Pricing

Though a number of organizations are found offering free-of-charge family planning services, still the private hospitals and dispensaries involved in the process charge fee for the same. The target users in most of the cases feel that in government hospitals or rural health centres, the quality services are not made available and therefore they prefer private hospitals for family planning operation. In a true sense, our emphasis is on the fact that government organizations and agencies should ensure quality services so that the poor sections not in a position to afford fees charged by private hospitals concentrate on their services and avoid to shift. In addition, it is also essential that even the private hospitals have a liberal attitude to the users of family planning and to foster the same they charge rational or moderate fees from poor sections. Besides, the leading private hospitals should also organize rural camps so that an attitudinal change among the target users is made possible. Once again we turn our eyes on the service mix of government organisations and agencies since it is a prime factor found instrumental in motivating the target prospects. If they do not get adequate financial support from government to manage family planning in a right way, they should also think in the direction of mobilizing finance by charging nominal fees from the users who can afford. Such a policy would improve the quality of government managed family planning programmes/ services vis-à-vis would make ways for an attitudinal change. Despite of all the plus and minus points related to the fee structure, it is right to observe

that in no case a small fee stands as a barrier. It is against this background that this dimension of marketing becomes insignificant, specially in marketing family planning.

Distributing the Family Planning Services

It is also an important mix of marketing and even in the context of family planning we find it very much instrumental in motivating and influencing the target prospects. Our emphasis is here on the team of personnel, medical or para-medical, supposed to make available the services to the ultimate users. It is essential that they are efficient and have a sense of commitment. They evince personal interests in the process and play the role of an efficient motivator. We cannot negate the importance of training to improve the quality of personnel engaged in the process. The success of family planning programme substantially depends upon the dissemination and motivation of the people for adopting effective methods for reducing fertility. To ensure that the programme did not suffer due to administrative deficiencies, the training of workers at different levels are required to be strengthened. The creation of a training infrastructure is found essential in the very context. The aforesaid problems necessitate to innovate the training programme for almost all the personnel engaged in the process.

Training of Medical Teachers- We lack a prominent and adequate emphasis on community health services and population control measures. We need to fill this gap through various orientation courses. If medical teachers are need to fill this gap through various orientation courses. If medical teachers are aspects, viz., demography, communication and popular attitudes, research in human reproduction and inter-relationship of demographic aspects with those of a socio-economic nature, the quality of services rendered by the medical doctors from the population control point of view can be improved considerably. Medical bodies may design appropriate training programmes of short duration for medical teachers with a special emphasis on the preparation of effective text books, skills in communication for motivation in the face of sensitive rural segment and management of hospital supplies and records, proficiency in Sterlisation and canalization procedures, the instrumentality of medical teachers in motivating and servicing the users.

Training of Medical Officers of Primary Health Centers- The effectiveness of a training programme for primary health centers can be increased tremendously if they are

trained among other topics, in training techniques, methods of evaluation of training effectiveness and communication skills to present basic knowledge of the life sciences, the use of birth control and the composition of fortified food and nutrients based on locally available ingredients.

Training for Preparation of Training Manuals- In strengthening the training programme, it is also essential that a large number of manuals are made available in different local languages with simple diagrams to magnify the use of birth control measures, the fundamentals of life sciences, the treatment of common infectious diseases and scientific methods of maternity.

Training of Community Health Workers- In this context, it is also significant that the community health workers are prepared for the promotion of the integrated family measures for maintaining health and hygiene, treatment of common infectious diseases and minor ailments, maternity and child care, traditional curative systems and yoga.

Training of Health Workers and Supervisors- Health workers (male) and auxiliary nurses, and midwives play a very important role in implementing the population control programme at the grass roots level as a part of the package of services to be provided. This makes it essential that they are well aware of the local conditions and preferably belong to the same village.

Training of Dais- In the Indian setting, we need to assign due weight age to the training of "dais" who can be very helpful, specially in the rural areas. Traditional birth attendants are well-known in India and play an important role in the life of women, specially in the rural areas where doctors and other staff avoid to go and stay. It is essential that they are given short training programmes of at least one month under expert guidance to provide practical experience.

Training for Population Education- In India where we need to influence the illiterate prospects, it is significant that we pave ways for inclusion of population education in our syllabi. The school teachers also need orientation course, specially related to the motivation process.

Training for Opinion Leaders of Voluntary Organization Of late, a good number of voluntary social organizations are found interested in extending their co-operation but they do not even have preliminary knowledge of the subject. This makes it essential that

we make available to them at least the knowledge of fundamentals so that they are in a position to help.

The aforesaid facts are also to testify that for the success of family planning, it is essential to train both the core and peripheral workers serving at different levels. In addition, it clarifies that we have a big channel for the distribution of services to the ultimate users. If we are really interested in the success of this programme, we have no option but to make the channel small. A contraction in the gap that we find between the service providers and the service users would be helpful in minimizing the involvement of extra time and costs. This is essential to make the programme productive. Amongst the government and doctors and primary health centers, we find bureaucrats who unnecessarily delay the process. Again from the primary health centers to the ultimate users of the services, we find community health workers, supervisors, dais. Hence, it is essential that we have a center for the implementation of family planning programme and the funds are directly released to this center for the implementation of family planning programme and the funds are directly released to this center who makes it available to the rural health centers.

STRATEGIC MARKETING

Marketing family planning in a true sense is not a programme rather than a mission which paves ways for subserving the long-term interests of human beings. Of course, family planning is a basic human right but the policy makers are supposed to see that in no case, this right is misused. We believe that if the programme is marketed successfully the lives of millions and millions of mothers and children would be better which would be successful in enriching their potentials. Family planning is an essential component of a broad-based development strategy that seeks to improve the quality of life for both individuals and communities. On the subject of strategic issues in family planning, a new emphasis is given that the programmes should be oriented to users' point of view rather than that of the programme planners and purveyors, whether they be governmental or voluntary. A new trend that is just gaining popularity in most parts of the world, in order to universalize family planning , lies in the essence of integration. While going through strategic marketing, we focus our attention on the sensitive issues standing as a barrier in the implementation process. Since we are facing the problem of

population explosion, it is essential that our strategic issues assign due weightage to the most sensitive segment of the society so that we achieve success within the minimum possible time. Against this background, we discuss strategic marketing with the hope that all of us take part in the process and the target is touched at the earliest. We have an uphill task of achieving zero growth rate i.e., a close relation between the birth rate and death rate. Since we anatomise the problem as a marketer, it is essential that we focus on managerial proficiency as in most of the cases the family planning programme could not be successful due mainly to managerial deficiency. In the formulation of marketing mix, we talk about the service mix in detail. Of course, we have developed a number of traditional and clinical devices to control the birth rate but the most sensitive segment in the Indian setting is the rural segment and keeping in view the insensitivity of high magnitude that we find in this segment, it is pertinent that we recommend a device found more safe, economic and convenient to the rural prospects. We cannot deny the fact that the best device for men is vasectomy and for women it is tubectomy.

The family planning services are found most effective when they are initiated, managed, evaluated and controlled by people of the same community. Mobilising community resources and generating local leadership would increase programme orientation towards people and self-reliance and therefore, the participation of society must be ensured. Here our emphasis is on promoting the family planning programme in a right way. Since we have a number of sophisticated communication technologies, we can use them for effective promotion. But here it is also important that our advertising agencies are well aware of the psychological conditions of rural men and women and whatever they design, compose and campaign are highly receptive and therefore they need to make them creative.

In this context, it is important to mention that we find word-of-mouth communication more effective in instrumentalising the motivation process which makes it essential that we improve the quality of satisfying the users. If we offer to them quality and safe services with decency in our behavior, it is very natural that the satisfied users would talk to their friends, neighbors and relatives in our favour and the motivation process would be energized fantastically. Thus, in the strategic marketing, we need a special mention of word-of-mouth communication, or say seeking the co-operation of

hidden sales force is found essential. We have not been instrumental in encouraging intra-spouse communication, which ultimately turns into a decision. If we promote and succeed in creating awareness, we find more scope for a communication between wife and husband on the family planning problems and only then they can think about the same.

We consider that family planning is an essential and integral part of economic and social development process. Depending on the local conditions, family planning should be linked with health, education, rural development, women, child and youth development programmes. It may also be a lead component of a primary health care programme which diverts our attention on population education right from secondary education. This would also simplify the process of creating mass awareness and the society would be more conscious. Women and men should be equal partners in social development. Programmes to encourage greater participation of women in community and national life would not only benefit women but would also encourage smaller families. Family planning programme should set an example by emphasizing programme and policy responsibilities for women. The responsibility of fatherhood should be emphasized for men.

Team work is an important input in a successful family planning programme. Good teamwork between the male and female workers may be helpful in boosting the acceptance of family planning among villagers. Lack of team work is found generating numerous problems. The core and peripheral workers lack co-ordination which complicates the whole process. Integrating women into all developmental efforts is a vital need. They should also be involved in the management of family planning programmes. We need to intensify our efforts in the rural areas and the rural women are supposed to extend the best possible co-operation. At almost all the levels of decision making the involvement of women would be instrumental in sensitizing our efforts. An important constraint in the effective implementation of family planning programme is the high rate of rural illiteracy. We accept the fact that most of the target prospects do not prefer to plan their families since they believe in the principle of 'more hands- more jobs.' The growing demand of child labour motivates them since they are in a position to employ their children and to increase their income sizeably.

The task is to minimize the birth rate. The task is to devise a convenient method of family planning. The task is to motivate both the core and peripheral workers so that they show personal touch in service. The task is to minimize the gap between service-providing agencies and the ultimate users. And an uphill task is to achieve zero growth rate, a long-term plan that needs more professionalism. Our innovative strategies need participation of all. Inculcating mass awareness is found as the crying need of the hour.

CHAPTER- V

SERVICE MARKETING ORGANIZATION

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SERVICE MARKETING ORGANIZATION

Service firms need an organizational structure, which supports the development of the traditional marketing activities as well as of interactive marketing activities in connection with , for instance, operations and personnel in a customer-oriented direction and which makes it possible to co-ordinate all marketing activities, traditional as well as interactive, so that the company becomes market oriented on an overall basis. The different business functions are much more interrelated in a service firm than in a firm manufacturing consumer goods. Therefore , the organizational structure must not become an unnecessary burden to co-operation between various functions and activities.

Services are not created and delivered in a vacuum. They are produced by organizations. It varies in size, structure and culture.This means we need to analyse the structure , values and beliefs with a view to arriving at some explanation for the character of the service. For all this we should find out which organization factors leads to success or failure in providing a good service. Once the factors are known, reasons can be suggested for the success or actions required to overcome failure.

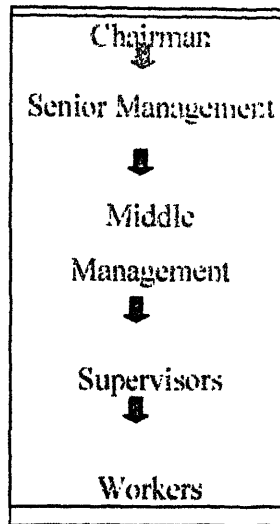
The employees of the service organization play a very important role. They are the cause for the success or failure. They have direct contact with the customers . The employees perception of role , their value and how they behave helps to explain the 'organizational life.' This will suggest whether there is need for change or not.

THE ORGANIZATION CHART

The traditional organization chart as shown in figure 5:1 shows the top management to low management with narrowly defined functions and roles. Nowadays, this type of structure for service organization is not appropriate. Because frontline employees role is very important. The major drawbacks of the traditional organization chart are :

- The informal organization structure.
- Does not reveal effectiveness of the prevailing communication channels.

Fig . 5:1

Traditional organization chart

- ❖ Does not reveal the source and nature of power within an organization.

Due to these drawbacks the traditional organization chart became upside down organization chart (Fig. 5.2). In service organization, the person at the point of contact(frontline) is the most important person to the customer.

Fig.5.2

Upside down organization chart

'Inverting the pyramid' means making all systems and support personnel in the company work for the frontline person to help him deliver the company's full capabilities at the moment of customers contact. What is needed in this kind of an organization structure is giving the frontline employees the appropriate authority and responsibility i.e., empowering frontline employees. Turning the organization chart upside down reverses all our thinking about status, power and authority. If frontline employees are to be given new and expanded roles, then they should be adequately compensated also. But most service organizations only empower the frontline staff but they are not compensated adequately for the authority and responsibility handled.

Profiles of successful service firms display common management themes: they are lean at the top, they have a limited hierarchy and they co-ordinate marketing and operations at low levels in the organization.

Senior executive groups are usually composed of no more than a handful of people. There are few or no staff members at surprisingly small corporate headquarters office. Members of top management are frequently interchangeable, sharing similar responsibilities and able to fill in where needed. There is a tendency to work through profit centers created among small groups of first level employees, regardless of the amount of discretion they are allowed in performing their jobs.

Successful service firms are often Lean organizations 'with few levels of jobs. The motive is just as likely to preserve communication channels and a strong customer orientation as well.

Fig. 5.3

Flat Organization Structure

Instead of an inverted structure, most service organization are opting for a flatter structure with fewer layers of management and consequently more effective responsiveness to customer needs as shown in the Fig. 5.3. In a stable and predictable environment , mechanistic rigid structures may be appropriate, but in unpredictable, dynamic circumstances, flexible structures are more appropriate. Flat management structures usually have three or at the most four layers of management.

'Infinitely flat' service organizations have been achieved by the creative implementation of technology in which there seems to be virtually no limit to the reporting span (the number of people reporting to one supervisor or center). Flattening the structure helps to eliminate the gap between customer expectations and management perceptions of customer expectations. It can be done by :-

1. Increasing interaction between management and customers.
2. Improving upward communication from contact personnel to management.
3. Reducing the number of levels between contact personnel and management.

Management in service organizations need to take a far greater interest in upward communication . They need to take time to speak to employees and find out what is required to do the job efficiently and effectively.

For organization of services on going operational decisions should be managed much lower down the organization, even to the point of the front line employees. Clearly the greatest competitive weapon in many service industries is people and the way they are organized. The organizational culture is critical for service organizations since so much of their activity involves human interactions. Operational decisions must still be guided by organizational policies, rules and procedures for no other reason than to facilitate smooth execution and maintain consistency. However , service organizations need to demonstrate a willingness to depart from the 'rules' if by doing so it can be shown that customer satisfaction is achieved.

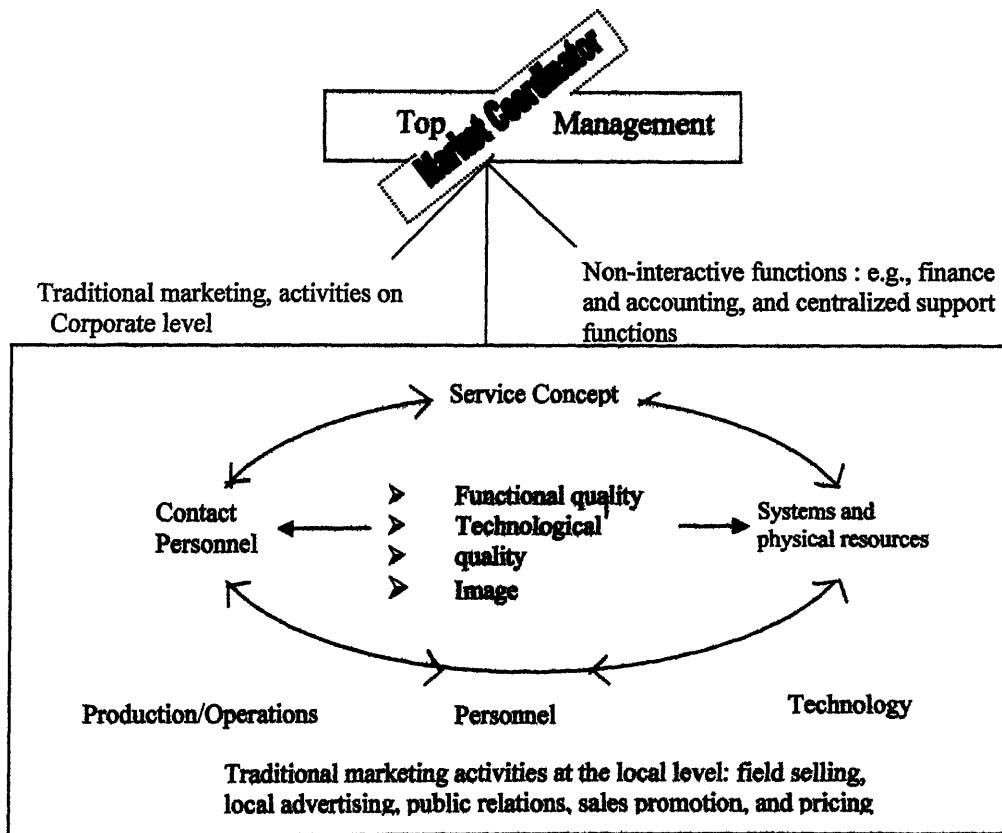
CUSTOMER ORIENTED ORGANIZATION

Organizations around the world are finding success through top-notch customer service. The customer is touted as being number one in an organization these days. Everyone seems to agree that great customer service is of paramount importance. For developing customer-oriented organizational structure for services, some general

tendencies can be observed as rules of thumb. Industries and firms differ from each other, and specific situations require situation-oriented solutions. However , most often a basic structure can be found.

The responsibilities for planning and executing both the traditional marketing function and the interactive marketing function should be delegated toward the frontline of the organization as much as possible, for example, to a regional manager or a branch manager who is also responsible for operations. It seems reasonable to also give such a person the responsibility for the management of the personnel on his or her level. Such a regional or local unit could be a profit center.

Fig.5.4

A Customer-oriented organizational structure for service

Finally, the market coordinator supports all kinds of marketing activities on the local level .He coordinates the traditional and interactive marketing functions and internal marketing throughout the organization. As we have noticed, the interactive marketing concept requires that marketing on the interactive level is not separated from

operations and the use of technology and other physical resources. Consequently, the marketing coordinator should be responsible for developing market-oriented corporate action plans. This cover traditional marketing as well as interactive marketing. It also take into account operations, personnel, internal marketing, and the development of new technology.

Traditional(mass) marketing activities, interactive functions, and noninteractive functions. In order to develop a customer-oriented structure , the noninteractive functions, such as finance and accounting, R&D, and centralized support functions, form one category. Another category is formed by the interactive functions which include operations and production, personnel, and technology on the local level .Starting from the service concept of the firm and its local unit, the frontline employees(contact persons) and the systems and physical resources must be developed and used in contact with the customers so that an acceptable, and preferably excellent, perceived service quality is achieved. If the firm is successful in this respect locally, the interactive marketing is good. The interactive marketing activities must , however, be coordinated with centrally located support functions, and with traditional marketing activities.

ORGANIZATION CULTURE

All organization, are social systems and possess a culture. Culture refer to the set of beliefs, norms and values which forms the basis of collaborative human behavior and makes human actions to some extent predictable and directed towards a set of commonly held purposes or the maintenance of some commonly accepted state.The persuasiveness and uniformity of culture may vary, but it is always there we want it or not. Generally culture is fairly stable. Beliefs and values do change over time, but cultural revolutions in larger social systems are fairly rare. Culture is embedded in language, institutions, habits, social relations. Changing a culture requires a formidable effort. And yet culture can be changed in business organizations and quite effectively so, under the right circumstances. A service culture is defined as *"the pattern of shared values and belief that give the members of an organization meaning, and provide them with the rules for behavior in the organization"*.

Culture is related to internal climate in the organization. Service firms has to manage their internal climate efficiently. Employees who serve the customers develop positive attitudes and behaviours. Due to this the culture of a firm has an impact on how service-oriented its employees are:

If the service culture is not efficient the internal activities such as training programs do not lead to expected results. For example, a service-oriented training program alone would most probably have no significant impact on the thinking and behaviour of employees. A much more strategically oriented and comprehensive project would be needed , if any results are to be achieved.

If there is a weak culture, such a situation frequently results in inflexible behaviour by the contact persons, long waiting times, and a feeling that you really do not know what is going to happen on the part of the customer. This , of course , damages the perceived service quality. In such a culture, employees do not have any clear norms to relate, for example, sales training or a service course to and hence they do not know how to respond to such activities.

A strong culture on the other hand enables people to act in a certain manner and to respond to various actions in a uniform way. Especially in service organizations, clear cultural values are particularly important for guiding employee behaviour. In many cases newly employed persons are easily formed by the prevailing culture. A customer-conscious and service-minded person who is recruited for a service job may quickly be taken down to earth by his or her new colleagues, who share strong norms and values which do not honor interest in customers and in giving good service. Again, a strong service-oriented culture easily snowballs. Service-oriented persons are attracted by such an employer, and most new employees are formed in a favorable way by the existing service culture.

. A strong culture is not, however, always good. Especially in situations where the surrounding world has changed. The new ways of thinking are developed. In such a case culture may become a serious hindrance for change. It may be difficult to respond to new challenges. In such a situation a strong culture does not only affect the responsiveness of employees in a negative fashion , it may paralyze management as well. For example, a strong manufacturing-oriented culture may develop into a serious problem

for a firm that obviously should respond to service-related changes in the market and in competition. A service strategy is perhaps the obvious solution.

SIGNIFICANECE OF CULTURE

In a service organization a strong culture is extremely important. It enhances an appreciation for good service and customer orientation. This follows from the nature of service production and consumption. Normally service production cannot be standardized as completely as an assembly line. Because it involves human impact in the buyer-seller interactions. Customers and their behavior cannot be totally standardized and predetermined. The situations vary, and therefore a distinct service-oriented culture is needed which tells employees how to respond to new, unforeseen and even awkward situations.

Service quality is function of the cooperation of human as well as technology. A strong culture which enhances quality is a must for successful management. Moreover, since it is more difficult to control quality in a service context than in manufacturing . The service oriented and quality conscious values are necessary in the organization. In this way management can execute indirect control.

Instilling Service Culture

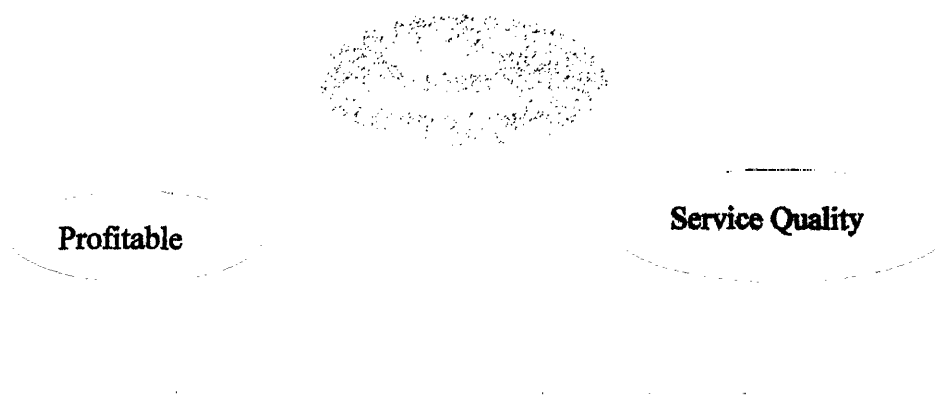
A service strategy requires a service culture to get profit. Implementing a service strategy requires the support of everyone in the organization. Top management, middle management, contact employees, and 'support employees will all have to get involved. An interest in service and an appreciation of good service among managers and all other employees is an essential requirement. The need is to instill a culture that can be labeled a service culture. Such a culture can be described as a *culture where an appreciation for good service exists, and where giving good service to internal as well as ultimate, external customers is considered a natural way of life and one of the most important norms by everyone.*

It does not exclude other norms from being of utmost importance. However, service consciousness is not a marginal or ever second-level concern. But a top priority concern in strategic as well as operational thinking and performance.

A service culture means that the employees of the organization can be characterized as service oriented. Hogan defined service orientation as " *a set of attitudes*

and behaviors that affects the quality of the interaction between...... the staff of any organization and its customers". They also observe that in several studies service orientation correlates substantially with overall job performance, and they mention as an example "that service-oriented nursing aides relate well with patients, willingly assist other hospital personnel, and communicate clearly and courteously with others".

Fig. 5.5

Instilling service culture

Clearly , a service orientation enhances the functional quality dimension of customer perceived service quality. It probably supports the production of good technical quality. As shown in Fig.5.5 service orientation among the personnel fuels an important positive process internally in as organization. A service orientation that is a characteristic of a service culture improves service quality as percéived by customers. They do more for the customers. Service-oriented employees take an interact in their customers. They are more courteous and flexible. They try to find appropriate solutions to customers' wishes, and go out of their way to recover a situation where something has gone wrong or an unexpected situation has occurred. Furthermore, we know that customer perceived quality is a key determinant of profitability. Hence, service orientation improves service quality, which in turn, positively affects profitability. And this favorable process continues as a spiral . This leads to better profitability. It provides the means to maintain and further improve service-oriented attitudes among the personnel. One such value considered by members of the organization is shared values which determines cultural orientation of as organization.

Shared Values

The values people in as organization have and the prevailing norms are the foundation of the culture. The shared values constitute guidelines for employees in performing their everyday tasks. In an organization with strong shared values three common characteristics are often present:

- The shared values are a clear guideline for task performance ,
- The managers devote much of their time to developing and reinforcing the shared values; and
- The shared values are deeply anchored among the employees.

It has also been found that performance is improved by strong shared values in an organization. Managers as well as their subordinates devote themselves more to issues and ways of performing that are emphasized by the shared values. The performance is better , because people are more motivated 'Strong norms and shared values may, however , become a problem, too:

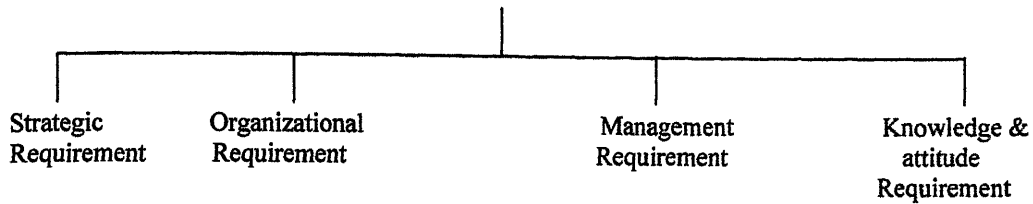
- The shared values may have become obsolete and are therefore not guidelines that are consistent with current strategies and , say, service concepts; and
- Strong shared values may lead to resistance to change, which makes it difficult for the organization to respond to external challenges.

In many firms these are highly relevant problems. Even though there may be no service culture. The existing culture may emphasize manufacturing ideals or bureaucratic routines.

Pre-Requisites For Achieving Service Culture

For introducing and implementing a service strategy a service culture is required. In many firms, or organization within the public sector, a cultural change is needed. Such a change is a long-range process. It demands extensive and long-range activity programs.

Figure 5.6

Prerequisites For Service

The Prerequisites for good service are:

1. Strategic requirements.
2. Organization requirements.
3. Management requirements.
4. Knowledge and attitude requirements.

If the four kinds of requirements are not recognized, then the internal change process will suffer. The different requirements are interrelated. For example, a complicated organizational structure makes it impossible to implement a good service concept or a service-minded motivacted concept person gets frustrated and loses interest in giving service because he or she gets no support and appreciation from his boss or finds it impossible to be service-minded because the service orientation is not derived from a strategic foundation and therefore sufficient resources are not granted. In the following sections we are going to discuss the four requirements in some detail .

1. Strategic Requirements- For developing a service-oriented strategy, the strategic requirement for good service are fulfilled. This means that top management wants to create a service- oriented organization. The management team is not just paying without expecting service. Here top management may be the CEO or management, team , but it may also be the head of a local organization or a profit center which can operate sufficiently well independently. The aim of the business is to formulate the strategy. Based on the scope and direction of the business indicated by the aim, strategies are developed. A service strategy means that a service orientation, which of course in different industries and even firms means different things, is to be achieved.

A service strategy however requires that service concepts related to the business aim and the strategy be defined. If service concept are not clearly defined, the

firm lacks a stable foundation for discussion of goals, resources to be used, and standards for performance. As previously stated, the service concept states what should be done, to whom , how, and with which resources and what benefits customers should be offered. If these issues are not clarified, the personnel will of course not understand what they are supposed to do. Moreover, goals and routines do not form a clear and understandable pattern, because there is no clear and well-known service concept to relate them to . If the service concepts are not clearly understood at the middle management level it will be difficult to perform supervisory duties in a consistent way. Managers as well as the rest of the personnel easily feel a disturbing role ambiguity.

Personal policy is an important part of the strategic requirements. Requirement procedures, career planning, bonus systems are vital parts of service culture. Good service performance has to guide the administration of personnel. The more aspects other than skills and service-orientation dominate, for example, recruitment procedures and bonus system, the less inclined toward service-mindedness employees will be, and a service culture will be difficult to achieve. Good service has to be rewarded and accomplishments have to be measured in such a way that employees realize the importance of service. However , as Donald Myles, Vice President of Information and Service from IBM-Canada, observes: "Good people are often forced to do stupid things , because the measurement and rewarding systems are wrong." If this is the case , and employees feel they are rewarded for accomplishments other than excellent service quality, any attempts to develop a service culture is bound to fail.

2. Organizational Requirements- Development of the organizational structure creates the organizational prerequisite for good service. Bowen and Schneider strongly argue that all the aspects of organization design have to be geared to the creation and delivery of service, if high service quality is to be achieved and consistently maintained. The more complicated the formal structure is the more problems related to giving good service occur. The organization as such can be a serious obstacle to a services culture. Good service means among other things easy success to services and quick and flexible decision making. If the organizational structure does not allow employees t perform in this way, norms and values characterizing a service culture cannot be developed. Good intentions, even when they are based on a strategy, just cannot be implemented. This

makes people frustrated and may have a counter effect. Employees easily feel that management demand's are impossible, and only negative effects are achieved as far as service-oriented attitudes are concerned.

Good service needs cooperation between various functions and departments in designing , and executing services. However , Peters, who advocates a new partnership mentality internally and externally as a means of achieving excellence, notes that "... sadly, we reserve our most virulent adversarial behavior for people inside our firm: management versus union, function versus function. And once again, it will not do... Partnership must become the dominant mode of daily dealings. For example , manufacturers, marketers, designers, accountants , salespeople, service people (as well as vendors and distributors) must work together.

There is also the informal organizational structure . People create a value structure and personal contacts, good or bad, which make the formal structure either less complicated of more complicated. In the former case, positive attitudes among the employees involved may make it possible to solve the problems created by a complicated structure. In the latter case, on the other hand , even a service-oriented structure may become an obstacle for good service. If people, for one reason or the other , do not want to collaborate, a service culture is less easy to accomplish. Normally , a service-oriented firm requires a thin organizational structure with few hierarchical levels. Decisions have to be made by employees close to the customers. The roles of managers change. The subordinates get more responsibility and they are expected to perform their tasks more independently. However , this does not mean that the supervisory level loses power, only that the role of supervisors changes. They are not just technical managers and decision makers anymore instead, they are supposed to be coaches and demonstrate leadership. They will have to assist and encourage their subordinate and create an open climate where good service is a leading shared value among everyone involved.

The role of those in support functions most also be clarified. Often employees in business functions who do not have immediate customer contacts regard themselves as performing passive functions only with some kinds of administrative duties. In fact, the role of those in most support functions is much more active. As we have noted in previous contexts, they should see those in customer contact functions as

their internal customers, whom they will have to serve as well as these are supposed to serve the ultimate customers.

In many firms, the customer contact functions , the frontline, are too weak and understaffed. Where as various staff functions have grown too much and have become overstaffed. The obvious conclusion is to strengthen the customer contact functions of the frontline and streamline and redesign other functions so that they really support the buyer-seller interactions in an effective and service-oriented way .

Another aspect of organizational development is the development of operational systems, routines, and work flows. Good service normally requires simplified ways of doing things, so that unnecessary delays and information breaks due to a too-complicated operational system or work flow are avoided. The effects of this are twofold . First of all customers perceive such a development as better functional quality the service. Second, employees feel that their jobs has become more of meaningful and motivating when the routines and work flows have been simplified and unnecessary and time consuming elements of the operational systems have been eliminated.

3. Management Requirements- The management prerequisite for good service is promoted by establishing a service-oriented leadership. This includes managers, and supervisor, attitudes toward their role, their subordinates, and how they act as managers. Jan Carlzon of SAS,says, based on his experience from changing a highly production-oriented culture into a service culture: "... management must be supportive and adjusted to the individuals it manages". Without an active and continuous support from all managers and supervisors , the values that characterize a true service culture cannot be spread throughout the organization and maintained once they have been established. Such a managerial impact is of absolutely vital importance if service-oriented values are to be communicated to the employees, strengthened, and made an integral part of everyday corporate life. Just being a technical manager without taking on the role of coach and leader does not do much in the pursuit of a service culture. A much more wholehearted devotion to the service concepts and the subordinates is required. Service is to a large extent a human business and the result of interactions between humans internally as well as externally. In human management styles do not fit here.

One of the biggest risks involved in a process toward a service orientation is the risk of ambiguity. If the manager talks about the need of service-mindedness and customer consciousness, but in reality does not pursue a service strategy. He or she and the service culture lose Credibility. A sense of uncertainty among the personnel is created. The top Person in the organization, which may be the entire company a local unit, a Profit center, a strategic business unit , or another well defined organizational unit, will have to constantly give the service strategy top Priority and continuously and actively give it his or her strong support. Furthermore, every manager and Supervisor will have to accept the role of coach to their subordinates. They have to encourage people and strengthen their motivation for service-oriented performance.

Another aspect of a service-oriented management style is the development of a positive communication climate. On the one hand , employees need information from management to implement a service strategy; on the other hand, they have valuable information for management about the needs and wishes of customers, problems and opportunities, and so on. Moreover, feedback is required so that they see the results of their job. If there is a lack of feedback , employees easily lose interest in what they are doing.

Furthermore, it is a good idea, to get contact employees involved in the planning process and in decision making concerning , say, what new services to offer and how they should be produced and delivered (Schneider & Bowen 1984). Overall objectives for a group or a department can be broken down into sub goals for that unit in cooperation with the employees who are supposed to accomplish those goals. This process is , first of all , a way of communicating the strategy and objectives of the firm to the employees, and second, it is a way of achieving employee commitment to the service strategy and to the goals.

Finally, management methods and the attitudes of managers and supervisors toward their subordinates are of pivotal importance to the long-term success of an internal marketing process.

4. Knowledge and Attitude Requirements- The knowledge and attitude requirements for good service can be achieved by training personnel. Training employees is also an integral part of internal marketing. In organizations where there are distinct nonservice

values and the existing norms are not service oriented, an attitude of resistance to change can be expected. A large portion of this resistance can be removed by creating the previously discussed strategic, organizational , and management prerequisites for good service. If the firm has always operated in a, say, manufacturer like or bureaucratic way, it is not easy to make people think in new directions. This goes for management as well as for the rest of the organization.

If top management, middle management, and support and contact employees are expected to be motivated for service-oriented thinking and behavior , they will need knowledge of how a service organization operates, what makes up the customer relationships, what their role the total operation and customer relationships, and what the individual is expected to do. A person who does not understand what is going on and why 'just cannot be expected to be motivated to do a good job as, for example, a contact person or an internal service provider in support functions behind the line of visibility.

Moreover, every single person should be aware of the firm's business mission, strategies and overall objectives as well as the goals of his or her own department and function and his or her own personal goals. Otherwise, it would be unrealistic to think that an employees understands why he or she is told that it is important to perform in a certain way. This is even more important for persons in support functions than for contact employees. In training programs knowledge-oriented training and straight attitude training are interwined. The more knowledgeable a person is the easier it is for that person to have positive attitudes toward a specific phenomenon. It is essential to realize that attitudes seldom can be changed without knowledge. Pep-talks about service and a lot of hoopla may help in some occasions, but they never create enduring service-oriented attitudes if people do not have the facts: why the firm is a service business, or why as a manufacturer it adopts a service strategy; which requirements for performance follow from this; what is my role in relation to other functions and persons, and what is demanded of me as an individual, and why. Service training can be divided roughly into three categories:

- Developing a holistic view both of the organization and its sub functions as a service organization and of how it functions in a market-oriented manner.

- Developing skills concerning how various tasks are to be performed; and
- Developing specifically communication and service skills.

All three type of training are needed. The first types gives a general foundation for understanding a service strategy and how to implement it. The second type provides the skills required so that employees can perform their tasks, which may have been some what changed after the introduction of a service strategy. The third type of training provides employees , especially contact persons but also support persons, with specific skills as far as communication tasks are concerned. Courses where the area of service-mindedness is addressed belong to this group, too. A fatal mistake, which is all too common , is to believe that only the third type of training is needed to change the attitudes of the personnel. Such an approach is almost never successful. It may be the easiest, but at the same time it is the least strategic way of addressing the issue of attitude change. Doing so is a pitfall which should be avoided.

When the organizational and strategic prerequisites are present, it is matter of human resource development. Managers and the rest of the personnel will have to get motivated to pursue a service strategy in strategic and operational planning as well as in implementing the strategy. Here substantial help can be provided by the concept of internal marketing.

CHAPTER- VI

DESIGNING MARKETING OF SERVICES STRATEGY

- A. AT MICRO LEVEL
- B. AT MACRO LEVEL

CHAPTER- VI

DESIGNING MARKETING OF SERVICES STRATEGY

A- AT MICRO LEVEL

Strategy is a game plan for how to get these. Every business must tailor a strategy for achieving its goals. Till recently, services forms lagged behind manufacturing firms in their all of marketing. Many service businesses for example shoe repair, baby sitting etc., do not use formal management and marketing techniques. There are also professional service businesses like law, accounting firms, college, hospitals who believed that it is not necessary to use marketing. But changes are taking place in the service sector.

Service encounters are affected by more elements than products encounters. For example a customer visiting a bank to get a loan sees other customers waiting for other services. The customer also sees a physical environment consisting of a building, interior, equipment and furniture. In addition, the customer sees contact personnel and deals with a loan officer. All these are visible to the customer. Not visible is a whole 'back room' production process and organization system that supports the visible service business. Thus, "the service outcome or technical service and whether or not people will remain loyal to a service provider, is influenced by a host of variable elements".

The core of the process is the "moments of truth" of the buyer-seller interactions, or as they have also been called "the moments of opportunity", where the employee and the customer meet and interact.

In these moments of truth the value to customers is created for them. If they are not taken care of properly, the 'perceived service quality, service quality as perceived by the customers, is damaged and the service provider may easily lose business. The main focus in service competition is the management of the moments of truth, and the creation of adequate support from managers and supporting functions as well as from investments in technology and operations and administrative systems.

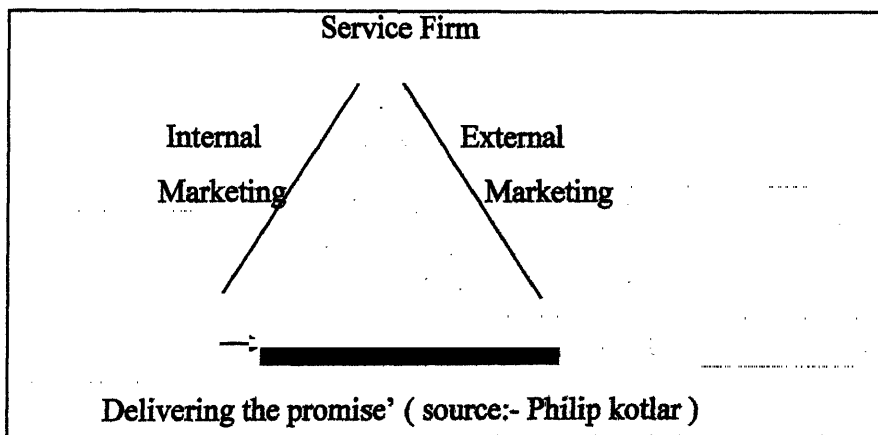
The value for customers is not, of course, totally produced in the moments of truth. Much may have been pre-produced by supporting part of the organization.

From the customer's point of view, however, what happens in the moments of truth counts. If the customer is satisfied with what he experiences, then the pre-production efforts have been more or less in vain.

Gronross suggested that "as far as the exchange process of service is concerned, a range of contracts between the service firm and the customer takes place. Managing and operating these contracts are the responsibility of operations of non-marketing departments only. Nevertheless, these contracts i.e., buyer-seller interactions have an immense impact on the future buying behaviour of the customer as well as on word-of mouth, that is, they have marketing implications, and should therefore be considered marketing resources and activities and managed as such". Gronroos has argued that service marketing requires not only external marketing but also internal and interactive marketing. This is a three dimensional approach explained with the help of following figure:-

Fig. 6:1

Types of marketing in service

Delivering the promise' (source:- Philip kotlar)

A MARKET – ORIENTED STRATEGY

External marketing is the traditional marketing which describes the normal work done by the company to prepare, price, distribute and promote the services to customers. External marketing creates expectations by giving promises. It is the responsibility of the marketing specialists to manage.

Internal marketing describes the work done by the company to train and motivate its employees to serve customers well. In internal marketing, company and every individual in the organization play some role in marketing a product or service. Therefore, it is the effort by the company in giving training on product knowledge, product handling, customer knowledge selling and motivating employees to meet the expectations of customers.

It is a corporate strategy. By creating and maintaining a service culture, and by actively marketing new goods and services, and by marketing campaigns and activities directed towards the employees, the organization may prepare its employee for the 'moments of truth'. Thus , internal marketing is a must for creating the prerequisite for keeping promises of customers, the activities are directed towards the employees. The organizations may prepare its employees for the moments of truth.

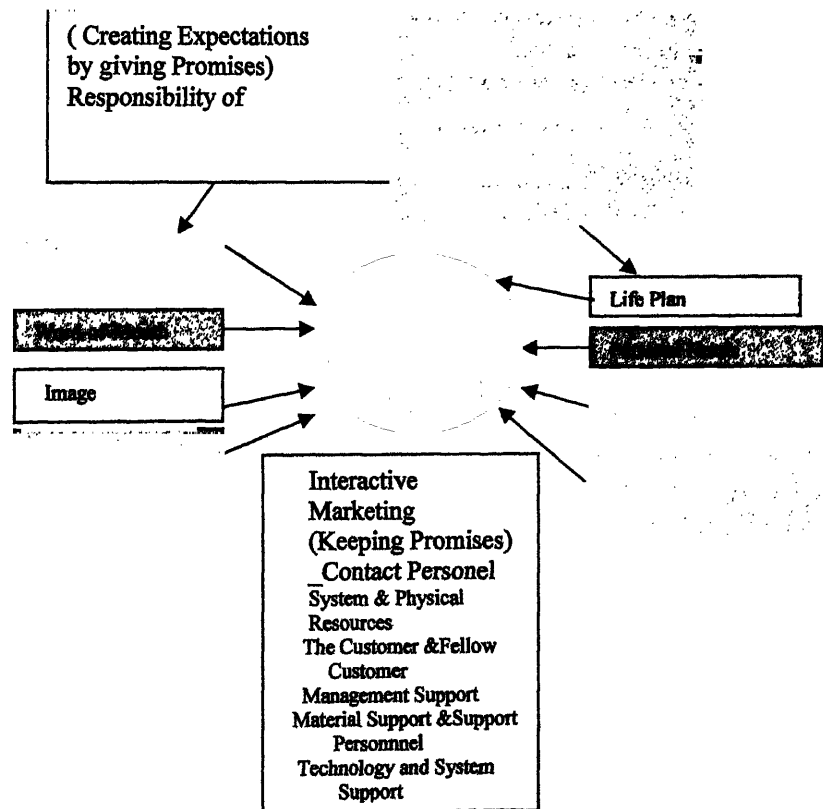
"Internal marketing is a top management responsibility, but it is also the responsibility of every manager and supervisor. Personal needs of jobs and supervisor's encouragement of employees, as well as their 'life path' and their 'image' of the employer, also have an impact on employer performance in the moments of truth of the buyer-seller interactions. Moreover, employees are influenced by 'role ambiguity', related to. For example, what they perceive customers on the one hand and what the organization on the other, expects them to do. Employees are also influenced by role conflicts. For example, when what management says the employees should consider important in their jobs conflicts with the opportunities to live up to these interactions that management provides them.

In the moments of truth, whole customers and employees meet and interact, determines whether the experience of customers meet their expectations. If experiences equal or are higher than expectations, the perceived service quality is probably good, good quality is a strong basis for a long term customer relationship, including resales and cross-sales as well as for favourable word-of –mouth and image.

In the interactive marketing function, ' fulfilling promises' in the moments of truth of the buyer-seller interactions is the major aspect. The 'contact persons' are most often the key to success. However, the 'operational systems and 'physical resources' as well as the customers themselves and their fellow customers, also influence

interactive marketing performance. Even though the role of the human resource is most often paramount, it should not be overemphasised. Because, first of all there are a range of situations in which customers interact with 'systems and physical resources only'. For example, use of ATM, and making a local telephone call. Second, employees need a service-oriented operational system, for example: proper computer technology and other physical resources to be able to create positive moments of truth. In case of breakdown of technology or machine, the employee play an important role.

Fig. 6. 2

Market oriented strategy

(**Source:-** Christian Gronroos, Service Management and Marketing: Managing the moments of truth in service competition.)

The material support, support personnel and management support are critical to the service orientation of the contact persons. Further, the price level and possible price offerings have an impact on how satisfied with the moments of truth

customers are. Finally, the experience of the moments of truth are influenced by the corporate or local image of the service provider in the minds of the customers. Thus, interactive marketing is concerned with 'keeping promises'. It is the responsibility of operations and other traditionally non-marketing functions. The employees involved in such function are called 'part -time marketers'. Sometimes marketing specialists get involved. The overview of a market-oriented strategy is explained with the help of Figure 6.2.

EXTERNAL MARKETING

External marketing describes the normal work done by the company to prepare, price, distribute and promote the review to customers. Customers will have certain expectations from the service provides, which are partly created by the service provides themselves. By the external marketing function involving traditional marketing efforts, such as market research, personal selling, advertising, direct mail, sales promotion, pricing and public relations, the organization gives 'promises'. These promises hopefully correspond with the personal need and wishes of the target group of customers. Marketing specialists inside the organization or outside of it, for example in advertising agencies and market research firms, are mainly responsible for this type of external marketing.

"These promises are in one way or other, sometimes more, sometimes less, enhanced or counteracted in the minds of the customers by their previous experience, if they have had any, by word-of mouth communication, and by customer's conception of the image, of the service provider".

Eventhough the issues in relation to marketing management are similar to product marketing, there is some variation because of the typical characteristics of services. They are as follows:

Planning Of Services

The strategic marketing for services for services is not different from that of manufactured goods. However, they tend to differ keeping in view the specific consumer relevant characteristics of services. Canton has differentiated various issues related to market planning of services with that of manufactured goods. These differences are as follows:-

Channels of distribution . for services-as the services are intangible and inseparable, the distribution channels available for goods marketing cannot be used in most of the services the channel is very short or direct. The services are distributed either through direct sale or sometimes one middleman in case of travel agency and insurance. The dominant channel configurations in the service sector where agents and brokers play an important role in the distribution of services.

Service Provider——▶ Agent or Broker ——▶ Customer

The agents or brokers are the link between service provider and customer. They act as intermediary between the service providers and customer. For example: insurance agents. In certain services, actual product or service is not transferable and therefore physical evidence is created and transferred. For example contract documents in insurance services exists as a physical and tangible representation of services.

Whether the service providers uses agents or middleman or sell direct, 'location' is a key factor in channel selection decision in view of potential market. The problem of standardisation and uniformity restrains the services organization to use middleman to great extent and limits the geographical area which the service organizations propose to reach and cover. This emphasises the significance of good channel selection to attain maximum coverage at the market place. As far as logistics in services is concerned it has not been recognized as an area of consideration for effective distribution of services.

Advertising in services- As the services are intangible, the customer is buying the performance of the service personnel. Therefore, the advertising in service sector should not only restrict itself to encouraging consumption but also it should encourage employees to perform well (i.e.,internal marketing). The six basic guidelines to help in designing the effective advertising programme.

1. The advertising should capitalise on word-of –mouth.
2. The advertising should provide tangible clues to the customers.
3. The advertising should make the service offering easily understood.
4. The advertising should have positive effects on contact personnel.
5. The advertising should contribute to the continuity.
6. The advertising should promise what is possible.

Promotion in Service Marketing- In the execution of any type of consumer promotion schemes the service provider should carefully consider the six basic elements in service industry. Unlike physical goods, the variety of schemes available as consumer sales promotion schemes are highly limited. For example:

- Price promotion can be used effectively and add excitement and involvement.
- Sampling cannot be used frequently because of the cost of service.
- Premiums are frequently used to give an element of tangibility.
- Coupons are lessor in use.
- Price promotions can be used effectively and add excitement and involement.
- Refunds and future discounts are not in practice.

Selling in Services- In selling services the service provider should follow the following guidelines. Sales personnel firstly should develop a personal relationship with the client. It is the personal relationship rather than the service itself that results in satisfaction or dissatisfaction with the service. Secondly, the service provider must adopt a professional orientation as the key to most service transactions is the buyer's confidence in the seller's ability to deliver the desired results. Therefore, in service sector the service sales personnel must make a strong impression of competency, honesty and sincerity. Thirdly, a service sales personnel has to use indirect selling techniques because the service provider is promoting an intangible product. For example, the hotels sell first the location and then their hotel to the customers. Fourthly, the service provider has to build and maintain a favourable image. The public opinion plays a greater role in marketing a service. Therefore, managing word-of-mouth is important. Lastly, a service provider sells services and not a service. In otherwords a service seller is dealing with a number of services rather than one.

INTERNAL MARKETING

The effective implementation of marketing programmes requires co-ordinating the efforts of all employees. Their co-operation is essential in realizing strategies designed to increase productivity and customer service to gain and maintain competitive advantage.

The internal marketing concept has been developed largely within the context of services marketing, where it has high levels of customer service which depend heavily on the personnel who interact with customers.

Internal marketing addresses employees who act as internal market within an organization, and whose participation and role is recognized as critical to maintain 'service quality' and 'service delivery'. It gives employees the status of internal customers, with the same level of importance as external customers. The concept of internal marketing is that optimum levels of customer satisfaction will be gained when employees themselves are satisfied and organizations must pay proper attention to their internal marketing programmes in addition to their external marketing plans and strategies.

Customer service is the critical element which internal marketing influences, whatever business or industry the organization operates in and customer service is one of the most crucial aspects of an organisation's competitive advantage. Internal marketing is attracting increasing attention and showing recognition as an implementation tool for adoption by all organizations. The most advanced system of marketing plans and strategies may fail if it is not properly implemented at the implemented stage of the marketing planning process.

Customer Care

Personnel are instrumental in the creation and provision of service quality and in doing so, they need to 'care' for the customers. The concept of 'customer care' is concerned with customer satisfaction putting the customer first, anticipating needs and problems, tailoring products and services to meet needs and being 'nice' to the customer.

Customer care includes service to the customer, delivery or operations, employee relationships with customers and internal relationships between employees and management (Internal Marketing). This process brings together marketing, operations management and human resource management.

The need for customer is driven by customers, employees and a changing business environment. The business environment is charaterised by economic, legal and technological changes. In a recessionary climate, cost-cutting exercise and re-

organisations can have a impact on staff moral, motivation, and performance. So, companies are realizing that commitment from employees brings rewards.

Advantages of Customer Care- Without a focus on customer care, service quality and employees, services organizations may face problems and complaints from customers. It may lead adverse word-of –mouth publicity to organization. Therefore, customer care for external customer requires an organization to pay attention to its products or services, delivery systems, delivery environment, technology and employees which are highly interdependent.

Internal Marketing Concept

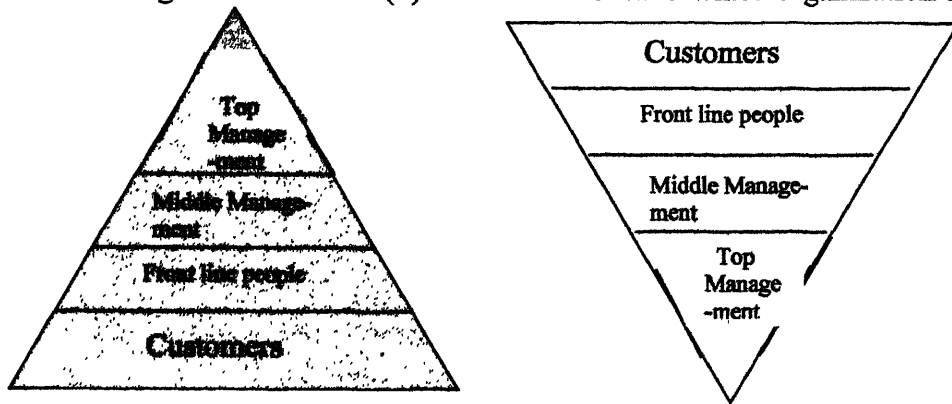
External marketing is marketing directed at people outside the company. Internal marketing is the task of successfully hiring, training and motivating able employees who want to serve the customers well. Infact, internal marketing must preceed external marketing makes no sense to promise excellent service before the company's staff is ready to provide excellent service.

According to Kotler, many managers who believe that the customer is the key to profitability. Consider the traditional organization chart in Figure 6.3 (a) a pyramid with the President in top, management in middle, and front-line people (sales and service people , telephone operators, receptionists) and customers at the bottom. This has become obsolete. Master marketing companies follow modern customer oriented organization chart shown in Figure 6.3 (b) at the top of organization are customers, next in the importance are front-line people who meet, serve and satisfy the customers. Under them are the middle managers, whose job is to support the front-line people, so they can serve the customers well. Finally, at the base is top management , whose job is to support the middle managers. 'Customers' shown along the side of Figure 6.3 (b) to indicate that all the company's managers are personally involved in knowing, meeting and serving customers.

Organisation charts given below are the onces which show the traditional and modern concepts of organizations. Same concepts are used here to show organizations. Some concepts are used here to show organization structure in internal marketing.

Fig. 6.3

Traditional organization chart Vs. Modern customer-oriented organization chart

(a) Traditional organization chart **(b)** Modern customer-oriented organization chart

(Source:- Kolter, Philip, Marketing Management, Practice Hall, New Delhi.**)**

Service Quality

Service quality is more a function of attitude than that of technology. Service quality satisfaction is the outcome of the resources and activities expanded to deliver service against the customer expectations from it.

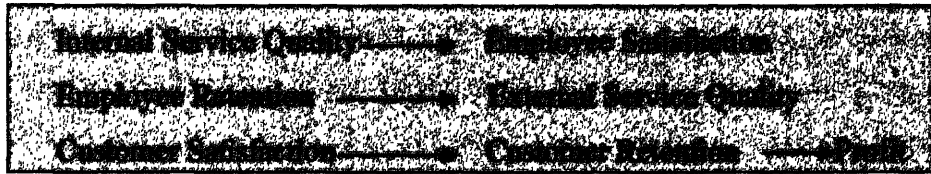
Gronroos states that the service quality can be broken into 'technical quality' (what is received in service) and 'functional quality' (now the customer receives the service). For the purpose of improving the service quality levels , the organization should first diagnose the appropriate cause of the customer service dissatisfaction and take the appropriate technical or functional measures to improve it.

Technical improvements are possible by altering the machines, technical dimensions or imparting technical skills to the employees. The functional quality can be improved by focusing on behavioural areas such as attitudes, service-mindedness, accessibility, inter-personal relations, appearance, commitment of employees. In this directions the top management must share their ideas with company employees and take tangible and visible steps to mark their continued commitment to it, because service quality begins at the top. The organization should also take necessary steps to create a positive attitude. It means offering more authority as well as support to front-line customer contact personnel who must be trained, motivated and rewarded for the initiative they take in enhancing the customer satisfaction.

Service-Profit-Chain

The role of an organisation's employees in customer care has come increasingly to the forefront, and investment in people become integral to the service-profit-chain.

Fig.6.4

Service-Profit-Chain

(**Source:** Schlesinger and Heskett,1991)

The profit and customer satisfaction depends on the employee satisfaction. This relates to the concept of internal marketing. Internal marketing views employees as internal customers and jobs as internal products and a company needs to sell its jobs to employees before selling its services to external customers (Sasser and Alfeit), i.e., satisfying the needs of internal customers upgrades the capability to satisfy the needs of external customer.

Excellently managed service organizations believe that employee relations will reflect on customer relations. Management earlier internal marketing and creates an environment of employee support and rewards for good service performance. Management regularly audits employee's satisfaction with their jobs. Karl Albrecht observed that unhappy employees can be 'terrorists'.

Definitions

The idea of internal marketing was originally suggested by ***Sassar and Arfeit,*** that the technology of marketing should be applied inside the organization with the staff as the target market. Recognising the importance of the service provider, it is necessary that successful service companies should first sell the jobs to their employees before they try to sell their services to customers.

According to ***Gronroos*** the internal marketing should be broader than the traditional marketing. He suggested that internal marketing should be viewed as a managerial philosophy. ***Gronross*** clarified that the base objective of internal marketing is

to develop motivated and conscious employees. If this is the case, then, it has strategic as well as tactical implications.

Helen Woodruffe described the internal marketing as "Treating with equal importance the needs of the internal market- the employees and the extend market through proactive programmes and planning to bring about desired organizational objectives by delivering both employees and customer satisfaction".

Internal marketing describes the application (1) marketing techniques to audiences within the organization. It has been defined by Berry a "the means of applying the philosophy and practices of marketing to people who serve the external customers so that (i) the best possible people can be employed and detained and (ii) they do the best possible work.

This is a means of involving staff at all levels in effective marketing programmes by enabling them to understand more clearly their role within the marketing process.

Objectives of Internal Marketing

The objectives of internal marketing are as follows:-

1. ***Overall objectives-*** To achieve the overall objectives, the firm should develop motivation, customer conscious and care oriented personnel.
2. ***Strategic level objectives-*** At the strategic level the firm has to create an internal environment that supports customer-consciousness and sales-mindedness among the personnel through supportive management methods, personnel policy, internal trading policy and planning and control procedures.
3. ***Tactical level objectives-*** At the tactical level the service provider has to sell services, supporting services (used as means of competition) , campaigns and single marketing efforts to the employees based on the following principles.
   - Personnel are the first market of the service company,
   - The employees must understand why they are expected to perform in a certain manner, or in a certain situation actively support a given service or supporting service.

- The employees must accept the services and other activities of the company in order to support the services in their contact with the consumers.
- A service must be fully developed and internally accepted before it is launched.
- The internal information channels must work i.e.,personal selling is needed internally also.

Role of Internal Marketing

- Internal marketing can play a important role in motivating the personnel to perform their task in a better manner to achieve the corporate goal.
- Internal marketing programmes incorporate communication as their main component and other management tools such as the marketing information system.
- Through internal marketing programmes it is possible to compete aggressively for additional market share.
- It ensures that the personnel are committed to give best possible service and treatment to customers.
- It brings people working in the organization together to achieve the organisational goal.
- Internal marketing equip people with technical skills, teamwork skills and knowledge to perform their work effectively.
- It ensures that the staff of the firm participate actively themselves in achieving the organisational goals.
- Internal marketing may be used to place, and gain acceptance of new systems such as introduction of information technology and new working practices and other changes.
- Internal marketing may be useful in building corporate image.
- The role of internal marketing is to create awareness and appreciation of the company's aims and strengths, as all employees are potential company ambassadors.

- The aim of strategic internal marketing is to reduce inter-departmental and interfunctional conflict and developing the co-operation and commitment needed to make external marketing strategies more effective.

Components of Internal Marketing Programme

Internal marketing is primarily the province of human resource management within a company, who have responsibilities for developing enlightened personnel policies to include recruitment, selection and training and also appraisal, rewards and recognition for all employees who are in customer contact and office staff.

Successful personnel policies include recruitment and selection of the 'right' people). The important characteristics for employees to perform effectively may relate to process and technical skills, interpersonal and communicative skills, team work skills, flexibility and adoptability, and willing to deliver desired levels of service in order to minimize gaps between service specifications and delivered service.

To enhance knowledge and understanding of the overall marketing orientation among:

(1) Employees should consist of motivation;

(2) Training and staff development; and

(3) Internal communication;

(4) Internal marketing programmes.

Motivation

Internal marketing play an important role in motivating the personnel to attain the ultimate corporate goals. Motivational programmes should be developed to focus the needs of the employees. For this purpose the organization should carry out research among employees to identify their needs, wants and attitudes with respect to working conditions, benefits and company policies. The motivational programmes may include reward schemes like performance selected pay or staff incentive schemes both monitory and non-monitory.

Training

Regardless of education levels, people need training. The training programmes should cover product, company and systems knowledge, awareness of

employee's role in assessing and meeting customer needs and the economic impact of everyone working together to support companies goal. A successful training programmes will lead to:

- Teamwork among the employees to work with commitment.
- Improvement in the ability of employees to perform job efficiently.
- Technological skill development through which it is possible to convince the customers easily.
- Employees will have flexibility in dealing with customers.
- Avoidance of role conflict for employees in satisfying employee's expectations of the company and expectations of customers.

Employees Relationship

The main focus is on service encounters or relationships within organization, at all levels and between levels, which contribute to the service delivered to external customers. This includes relationship between customer contact and staff, operation and non-operations staff and staff and management at all level and locations. If these internal encounters are poor, the customer may be dissatisfied, complain and blame the customer contact personnel.

Communication

In addition to product or technical knowledge and relationship management skills, interpersonal communication skill development is vital. This allows organizations to 'empower' employees to exercise judgement and creativity in respect to customer needs and problems. Empowerment should lead to better job performance and improved morale. It is a form of job enrichment, evidenced by increased commitment to jobs and reflected in attitudes towards customers.

Effective communication can also play a vital role in ensuring that plans are implemented effectively and motivating personnel. Internal marketing programmes incorporate communications as their main component. Communication should be established as a two-way process between.

(a) The marketing managers and marketing personnel to ensure that activities and responsibility are clearly understood and operationalised effectively.

(b) The marketing function and other functions and staff throughout the organization to ensure co-operative from all.

(c) The marketing management and corporate-level-top management to ensure that plans and programmes always match organizational objectives accurately.

Steps In Inplementing Internal Marketing

For internal marketing to be successful, it requires careful attention and planning. There is no single methodology to meet all internal marketing needs. Helen Woodruffe has suggested an action plan for implementing internal marketing which encompasses the following steps:

2. Market definition.
3. Market research.
4. Market segmentation.
5. Market action.
6. Marketing communication.
7. Marketing orientation.

1. *Market definition:* Before developing the internal marketing programme, internal market should be clearly defined to make sure that providers and deceivers of services can identify with the concept of internal customers to satisfy their needs. The structure of the market is important , with attention being paid to both formal and informal communication and power. Internal marketing is based on the notion of communicating with internal markets and external markets, treating employees like customers.

2. *Market research* : Market research is research into a particular market. It is the systematic design, collection, analysis and reporting of data and findings relevant to a specific marketing situation facing the company. Information should be continuously collected and analysed at all levels in the organization. This helps to identify the opportunities both internally and externally. The internal market should itself be researched to explore issues which are likely to affect the successful implementation of internal marketing programmes and individual roles and responsibilities. The internal market research may include employee attitudes towards the organization and its mission,

level of job satisfaction, assessing skill and knowledge needs and needs and wants of employees.

3. ***Market segmentation***: Market segmentation in service organization is necessary to ensure most effective, accurate and appropriate targeting of internal marketing efforts. Bar's for market segmentation depends on market · research. The best method for segmenting the internal market may not be existing department or line management divisions as this can lead to a less unified approach.

4. ***Marketing action:*** This involves the selection and implementation of appropriate marketing activities to achieve optimum internal marketing success. The main aim of internal marketing is to provide better internal communications, teamwork and employee empowerment. To achieve these aims the organisation should take initiatves to assign the work to individuals and management teams. Customers care programmes and staff training and development programmes should be undertaken.

5. ***Marketing communication:*** Good communication can play a key role in ensuring the effective implementation of plans. Accurate and timely communication of marketing information should be undertaken, both internally and externally. This process should be targeted to motivate internal customers in the achievement of personal and organizational goal. Communication among employees thrown in house magazines, regular team briefings and encouragement etc.

6. ***Marketing orientation:*** The ultimate goal of organization should be to create an effective internal environment which is flexible and responsive and will nurtures common values and behaviour which in turn helps to achieve the organisation's goal. For this purpose the marketing objectives and mission of the organization must be made clear to all the employees and clearly define the role of individual employee, so that it enable employees to see their own contribution in achieving the organizational goal.

Internal Marketing Techniques

The important point to understand the internal marketing lies in communicating values of an organization to its employees in order to increase their level of consent and moral involvement. The following are commonly observed internal marketing techniques used by service providers :-

- The company's mission statement must be clearly formulated and it should be communicated to employees.
- In-house newsletter must be used to develop a sense of involvement of individuals within a business and to inspire confidence by reporting significant new developments. Newsletter will keep the employees informed about the achievements made by individual employee.
- External advertising can be used. The appearance of advertisements on television can have the effect of inspiring confidence of employees in their management and guide in their company.
- Physical environment and staff uniform for the internal employees can be used to inspire their confidence and to convey the personality.

INTERACTIVE MARKETING

Interactive marketing is described as the skills of employees in handling customer contact. Because the customer judges service quality not only by its technical quality of the product-service package but also by its functional quality. Technical and functional quality are two important dimensions of service quality.

The technical (outcome) quality of service encounters, i.e., what is received by the customer, and the functional quality of the process i.e., the way in which the services is delivered in relation to staff in a financial services organization, this would include attitude and behaviour, appearance and personality, service-mindedness, accessibility and approachability of customer contact personnel. In addition , there exists the corporate image dimension of service quality which is the result of how customers perceive a service organization and is built up by the technical and functional quality of its services.

Technical quality refers to the relatively qualifiable aspects of a service which consumer receive in their interaction with a service firm. Because it can be easily measured by both customer and service provider. It forms an important basis for judging service quality. For example: technical quality include reliability of train services and the waiting time at a supermarket checkout. This however, is not the only element that makes up perceived service quality. Because services involve direct consumer producer interaction, consumers are also influenced by how the technical quality is delivered to

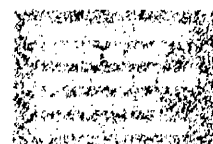
them. This is called functional quality which cannot be measured as objectively as the elements of technical quality.

If quality is defined as the extent to which a service meets customer's requirements, the problem remains of identifying just what those requirements are. The general absence of easily understood criteria for assessing quality makes articulation of customer's requirements and communication of the quality level as offer much more difficult than in the case for goods. Service quality is a highly abstract, in contrast to goods where technical aspects of quality predominate. Many conceptualization of service quality, consumers subsequently judge service quality as the extent to which perceived service delivery matches up to these initial expectations. Therefore, the service providers must deliver "high touch" as well as "high tech".

Fig. 6:5

Consumer Perception of technical and functional quality

Service Expection
Dependent on advertising/Price/word of mouth etc.

Technical Quality
Opticians's knowledge standard of

(Source: Gronroos, Strategic Management and Marketing in Servcie Sector, Chart well Bratt Ltd.)

"There are some service where the customers cannot judge the service's technical quality even after they have received the service. Figure 6.5 shows various products and services according to their difficulty of evaluation. At the left are goods high in 'search quality' that is, characteristics that the buyer can evaluate before purchase. In the middle are goods and services high in 'experience qualities' that is, characteristics that the buyer can evaluate after the purchase. At the right are goods and services high in 'credence qualities', that is, characteristics that the buyer normally finds hard to evaluate even after consumption".

As services are higher in experience and credence qualities than goods are, consumers feel more risk in their purchase. This fact has several consequences. **First**, service consumers generally relay more on 'word-of-mouth' than on 'service-firm advertising'. **Secondly**, they rely heavily on price, personnel and physical cues to judge the service quality. **Thirdly**, they are highly loyal to the service provider when satisfied.

B- AT MACRO LEVEL

When organizations offer services in global markets-often around the world-and as international trade in services increases, important questions are being raised concerning the design and implementation of international service marketing strategies. We analyze the nature of international service and consider such question which are as fallows :-

- What factors are stimulating internationalization of services?
- Does a service firm have to go abroad to have impact in international trade?
- How does marketing services internationally differ from marketing covering a large geographic area in the country?
- What is the distinction between a transnational strategy and a multilocal one?
- What role does IT play in international trade in services?

Although the service sector dominates in ,most domestic economies, that's not true of international trade. The WTO estimates that exports of merchandise from all countries worldwide totaled $5.2 trillion in 1998 , but those of commercial services were $1.3 trillion by way of comparison, the GDP of the United States that year amounted to some $8.8 trillion[1].

Factors which stimulate international trade in service include economic growth, which leads companies to seek new market opportunities and individuals to travel more often for both business and pleasure; improved transportation(itself a service), which makes travel and freight shipments faster and easier; advances in IT that improve communication and data flows between countries; a search for efficiency and expertise that leads companies and consumers seek out the best locations for performing certain tasks; and the growth in trade of manufactured products, which themselves will

[1] World Trade Organization, World Trade Growth Slowor in 1998, WTO, Press Release, April, 16, 1999.

require a variety of services (including finance, transportation, installation, maintenance, repair , and so forth) far from the place where they were first manufactured.

THE ATTRACTION OF INTERNATIONAL MARKETS

What drives service businesses to seek their fortunes in international markets? There are a variety of motivations, operating either singly or in conjunction.

More & More Sales some firms are driven by a growth imperative. They may feel that they have exhausted growth opportunities in their domestic markets, either because of market size or because of the extent of competition. International expansion may be particularly appealing to firms operating in small countries or in narrow niche markets. Foreign markets are sometimes at an earlier stage in their development than the home market, with local firms lacking the same level of skills and technology. Alternatively, managers may believe that the opportunities to improve profitability are greater abroad, offering a potential for lower costs, higher prices , or both. Another approach to expanding sales involves attracting foreign customers to patronize an existing domestic location.

Following Customers

Some firms have grown by following their customers into new markets. Sometimes, in business-to-business services, a customer may request that a supplier provide services in a new location. This situation is increasingly common in fields such a management consulting , legal and accounting services, banking, and many types of outsourcing.

Following Competitors

Not every service firm operating abroad was the first foreign entrant into each of its markets. Some saw their competitors moving there and felt obliged to follow suit to stake out a position before it was too late.

Making Preemptive Strikes

When the first firm to enter a new country market usually conveys first-mover advantages if the entry is handled well. When one company sees its competitions starting to move into other countries, it may seek to enter a different but promising foreign market with the goal of building a strong position there before the competitors

arrive(this may be a more appealing alternative than always follows the leader, particularly when acquisition of local firms is the primary mode of expansion).

Service Processes Vs Affect Market Entry

What are the alternative ways for a service company to tap the potential of international markets? It depends in part on the nature of the underlying process and the delivery system.

People-Processing Service

Services to the customer's body such that direct contact must be established with the customer for the service to be delivered. They include lodging, food service, health care, and passenger transportation. Three options present themselves are :-

- ***Exporting the service concept.*** The objective may be to reach out to new customers or to follow existing corporate or individual customers to new locations (or both). This approach is commonly used by chain restaurants, hotels, car rental firms, and weight-reduction clinics where a local presence is essential to be able to compete. For corporate customers, the industries are likely to be in fields such as banking, professional services, and business logistics (among others). An entry strategy of this nature often directly threatens local firms, yet it can also present opportunities.
- ***Importing customers.*** Customers from other countries are invited to come to a service factory with distinctive appeal or competences in the firm's home country. People will travel from abroad to ski at outstanding resorts. If they can afford it , they may also travel for specialist medical treatment at famous hospitals and clinics.
- ***Transporting customers to new locations.*** In the case of passenger transportation, entering international service takes the form of opening new routes to desired destinations. This strategy is generally used to attract new customers in addition to expanding the choices for existing customers.

Possession-processing Services

Involves services to the customer's physical possessions and includes repair and maintenance, freight transport, cleaning, and warehousing. Most services in this category require an ongoing local presence, regardless of whether customers drop

off items at a service facility or personnel visit the customer's site. Sometimes , however, expert personnel may be flown in from a base in another country. In a few instances, a transportable items of equipment may be shipped to a foreign service center for repair, maintenance, or upgrade . Like passenger carriers , operators of freight transport services enter new markets by opening new routes.

Information-Based Service

Includes two categories , mental-processing service, services to the customer's mind, such as news and entertainment and information-processing services, services to customer's intangible assets, such as banking and insurance . Information-based services can be distributed internationally in one of the following four ways :-

1. ***Export the service to a local service factory.*** The service can be available in a local facility that customers visit. For instance, a firm made in Mumbai can be shown in movie theaters around the world,and a collage course can be designed in one country and then offered by approved teachers elsewhere.
2. ***Import customers.*** Customers may travel abroad to visit a specialist facility, in which the case service takes on the characteristic of a people-processing service. For instance, large numbers of foreign students study in U.S. and Canadian universities, and foreigners travel to Stratford-upon-Avon to see Shakespeare's plays performed in the English town where he was born.
3. ***Transform the service into a physical good and export it.*** Information-based services can be recorded and transformed into what are sometimes called object-based service(physical goods such as CDs , cassettes, or printed materials) and then shipped directly to customers or sold through local distribution channels.4
4. ***Export the information via telecommunications and transform it locally.*** Rather than ship object-based services from their country of origin, the data can be downloaded from that country for physical production in local markets(even by customers themselves)

In theory, none of these information-based services requires face-to-face contact with customers, because all can potentially be delivered at arm's length through telecommunications or mail. Baking and insurance are good examples of services that can be delivered from other countries, with cash delivery available through global ATM

networks. In practice, however, a local presence may be necessary to build personal relationships, conduct on-site research or even to fulfill legal requirements.

Entry Channel Strategies

Some firms in a position to move swiftly from a purely domestic posture to a broad international presence. Typically, the move takes place over many years, often proceeding one country at a time. As with domestic expansion , several options are available . Service firms wants deliver their services in another country may be able to choose among several options: start-up, franchising, purchase of existing firms, use of intermediaries, and the Internet.

Constraints International Trade in Services

Operating successfully in international markets is more difficult for some services than for others. Despite the efforts of the WTO and its predecessor, the General agreement on Trade and Tariffs(GATT), to encourage different governments to negotiate easier access to service markets, there are many hurdles to overcome. Airline access is a sore point . Many countries require bilateral (two-country) agreements on establishing new routes. If one country is willing to allow entry by a new carrier but the other is not , then access will be blocked. Compounding government restrictions of this nature are capacity limits at certain major airports that lead to denial of new or additional landing rights for foreign airlines . Both passenger and freight transport are affected by such restrictions. Other constraints may include administrative delays, refusals by immigration offices to provide work permit applications for foreign managers and workers, heavy taxes on foreign firms, domestic preference policies designed to protect local suppliers, legal restrictions on operational and marketing procedures (including international data flows), and the lack of broadly accepted accounting standards for services. Different languages and cultural norms may require expensive changes in the nature of a service and how it is delivered and promoted. The culture issue has been particularly significant for the entertainment industry.

Moving from Domestic to Transnational Marketing

Numerous firms whose national origins are rooted in individual countries around the world are now operating across national frontiers, but relatively few have developed a coherent international strategy. In many cases, each country market is treated

as a separate entity with little or no strategic connection to the domestic market or to other country markets.

Distinguishing Between Transnational Marketing

Transnational strategy involves the integration of strategy formulation and its implementation across all the countries in which the company elects to do business . Such a strategy contrasts to a multilocal (or multidomestic) approach that provides for the independent development and implementation of strategy by management units within each country[1]. In its broadest geographic application, transnational strategy becomes global in form, and we then speak of globalization. There is no universally accepted definition of globalization, but it can argued that to be truly global, a company should be operating on at least four continents, located in each of the four quadrants of the globe. Under such conditions, firms need to be sufficiently resourceful to adapt to wide differences in time zones, physical distances, climate, terrain, languages, culture, governmental structures, regulations, and currencies.

Research into global strategy for service businesses is still in an evolutionary stage. One key research theme is that globalization potential depends on industry characteristics and particularly on specific industry drivers[2]. A second key theme is that the use of global strategy should differ by dimension of strategy and for different elements of the value- adding chain.

It's useful to recognize that some of the challenges facing managers involved in transnational marketing are an extension of those already found in large , domestic economies-but taking place on a much larger stage that presents sharper economic, cultural, and political distinctions. A significant dimension of international services marketing services within diversity. There are already of course, important difference between marketing services within a compact domestic economy-such as say China, Japan, and marketing in federal national covering a large geographic area, such as Canada or Australia. In the latter two countries physical logistic immediately become more challenging for many types of service because of the distances involved and the

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[1] Hout, Porter and Rudden, 'How Global Companies Win Out' Harvard Business Review 60, Sep-Oct-1982, page-98-108.

[2] George S. Yip, Total Global Strategy Managing For World Wide Competitive Advantage, Englewood Cliffs, N.J., Prentice Hall, 1992.

existence of multiple time zones. Multiculturalism is also an issue in both countries because of the growing proportion of immigrants and the presence of indigenous people. And firms marketing across Canada have to work in two official languages. English and French . Finally, there are difference within each country between the law and tax rates of the various Canadian provinces and their respective federal governments. But even these challenges pale in comparison to those facing service marketers in the mega economy of the United States.

Operating in multiple countries will always be more complex than operating just one, however large. But with reduced barriers to entry, management decisions to expand service operation to other countries will certainly take on more of the characteristics of a firm seeking to expand across the country . For instance, is there a tax advantage to using one country as a major base of operations rather than another ? Is it necessary to have a service facility in a particular city to complete a network designed to serve global customers? To what extent will modifications to service features and marketing strategy have to be made to accommodate climatic difference or cultural preferences ? Are there cost advantages to locating certain service operation in a country other than the firm's traditional home base?

Factors Favoring Adoption of Transnational Strategies

Several forces, more precisely termed industry drivers, influence the trend toward globalization and creation of transnationally integrated strategy[1]. As applied to services, these forces are market drivers, competition drivers, technology drivers, cost drivers, and government drivers. Their relative significance may by type of service. These are as follows :-

--Market Drivers.

-- Competition Drivers.

-- Technology Drivers

--Cost Drivers.

-- Government Drivers.

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[1] Johnsson Yip, "Exploiting Globalization Potential, U.S. and Japanies Strategies, Strategic Management Journal, Oct-1994, 579.

How the Nature of service Process Affects Opportunities for Globalization

People –Processing services involve physical interactions with customers and necessarily require either that people travel to the service factory or that services providers and equipment come to the customer. In both instance ,the service provider needs to maintain a local geographical presence , stationing the necessary personnel, buildings, equipment, vehicles, and supplies within reasonably easy reach of target customer. If the customers are themselves mobile-as in the case of business travelers and tourists-then the same customers may patronize a company's offerings in many different locations and make comparisons among them.

Possession-processing services

May also be geographically constrained in many instances. A local presence is still required when the supplier must come to repair or maintain objects in a fixed location, but smaller, transportable items can be shipped to distant service centers-although transportation costs, custom duties, and government regulations may constrain shipment across large distances or national frontiers. On the other hand , modern technology now allows certain types of services processes to be administered from a distance through electronic diagnostics and transmission of so-called remote fixes.

Information-based services

Are perhaps the most interesting category of services form the standpoint of global strategy development because they depend on the transmission of manipulation of data to create value. The advent of modern global telecommunications, linking intelligent machines to powerful databases, makes it increasingly easy to deliver information-based services around the world . Local presence requirements may be limited to a terminal-ranging from a simple telephone or fax machine to a computer or more specialized equipment such as a bank ATM-connected to a reliable telecommunications infrastructure. If the local infrastructure is not of sufficiently high quality, then use of mobile or satellite communications may solve the problem in some instances.

Many of the factors driving internationalization and adoption of transnational strategies also promote the trend to nationwide operations among service industries that previously operated only at a local level . The market , cost, technological,

and competitive forces that encourage creation of nationwide service businesses or franchise , chains are often the same as those that subsequently drive some of the same firms to operate transnationally.

Transnational Strategy for Supplementary Services

Many manufacturing business offer a variety of services related to their products. These supplementary elements not only add value and provide the differentiation that separates successful firms from the also rans but also offer opportunities for firms to develop effective transnational strategies.

Standardization versus Customization

The Flower of Service as shown in Figure ?? groups supplementary services into eight categories information, consultation, order taking, hospitality, safekeeping, exceptions, billing, and payment. Not every core product-where a good or a service- is surrounded by supplementary elements from all eight clusters, of course. In practice, the nature of the product, customer requirements, and competitive practices help managers to determine which supplementary services should be offered in a particular market and the extent they should be standardized across markets. The implications of creating a transnational strategy for the eight groups of supplementary services are given below :

Information- To obtain full value from any good or service, customers need relevant information about it. New customers and prospects are especially information hungry . Transnationalization affects both the location of information access and the nature of that information including the languages and format in which it is provided.

Consultation- In contrast to information, consultation and advice involve a dialogue to probe customer requirements and then develop a tailored solution. Customer's need for advice may vary widely around the world, reflecting such factors as level of economic development, nature of the local infrastructure, topography and climate, technical standards, and educational levels.

Order Taking- Once customers are ready to buy , a key supplementary element should come into play: accepting applications , orders, and reservations. Transnationalization affect both the nature and location of order-taking access, such as the potential for

instituting multilingual global reservation systems, accessible through a local telephone number or the internet.

Hospitality:Taking Care of the Customer- A well-managed business should try, at least in small ways to treat customers as guests when they visit the supplier's facilities. Cultural definitions of appropriate hospitality may differ widely from one country to another, such as the tolerable length of waiting time and the degree of personal service expected.

Safekeeping- When visiting a service site, customers often want assistance with their personal possessions. Expectations often vary by country, reflecting culture and levels of affluence. For example, most restaurants in the United Sates bar , but in France most will tolerate them ,and in China some restaurants may even cook them for you!

Exceptions- Exceptions fall outside the routine of normal service delivery. They include special requests, problem solving, handling of complaints/suggestions/compliments, and restitution(compensating customers for performance failure). Special requests are particularly common in people-processing services, as in the travel and hotel industries. International airlines, for example, find it necessary to respond to an array of dietary needs ,sometimes reflecting religious and cultural values. They must also be prepared for medical emergencies. Dealing with problems is often more difficult for people who are traveling abroad than it would be in the familiar environment of their native country.

Billing- Customers need clear, timely bills that explain how charges are computed. With abolition of currency exchange restrictions in many countries, travelers, now expect to be able to make purchases on their charge cards almost anywhere and to have bill converted to their home currencies. In a global setting, therefore, currencies and conversion rates need to be clarified on billing statements.

Payment- Ease and convenience of payment (including credit) are important to customers when purchasing a broad array of goods and services. Acceptance of major charge cards and traveler's checks solve the problem of paying in foreign for many retail purchases, but some tourist oriented stores go even further to accommodate customers by accepting foreign currencies.

Factors Favoring Transnational Strategies

A majority of supplementary services are information-based and can potentially be delivered from remote locations. A global company could centralize its billing on a global basis, using postal or telecommunication distribution channels to deliver the bills to customers, suitably converted to the relevant currency. Similarly, information, consultation, order taking/reservations, problem solving, and payment can all be handled through telecommunication long as the appropriate languages are available , many such service elements could be delivered from almost anywhere. By contrast, hospitality and safekeeping will always have to be provided locally because they are responsive to the physical presence of customers and their possessions.

Five transnational strategy levers serve to determine whether international strategy is primarily multilocal or primarily transnational. They are market participation, product features, location of value-adding supplementary services, marketing activities , and competitive moves. Within each dimension, strategic options cover a spectrum that ranges from a strictly multilocal orientation to a completely global one. Let's look at the latter end of the spectrum for each of these five dimensions. Judicious use of these strategy levers can enable a firm to obtain important benefits including cost reductions, improved quality of products and processes, greater customer preference, and increased competitive leverage.

Transnational Service Management

Implications of globalization for each of the 8 Ps of integrated service strategy are given below :-

Product- That there is a growing trend to standardization of core service products around the world but that supplementary services-particularly hospitality-are often adapted to meet local needs to facilitate an appropriate positioning strategy against local competition. In certain instances, cultural values or political factors are so significant that the core itself must be adapted. One example is McDonald's development of Veggie Burgers for the Indian market, where beef is not eaten because Hindus regard the cow as a sacred animal.

Price- The financial price of a service may vary between countries, reflecting both local costs and local taxes. But even if the product costs approximately the same around the

world (in terms of currency conversions), marketing managers should recognize that there may still be a wide divergence in its relative affordability. For the other customer outlays, such as time and effort, consistency is more important. Services that are designed to save customers time and hassle should normally retain those characteristics in an international setting because they may create valuable differentiation over traditional offerings. When corporate customers have operations in different of many service business try to avoid charging the same customer different prices for the same service without good justification. Increasingly, the purchasing departments of multinational companies are beginning to behave as transnational rather than multilocal customers.

Promotion- Services seem to make more use of consistent international branding than do manufacturing firms, especially in customer markets. When companies grow through international acquisitions, there is often a phased replacement of the acquired company's name. The uncertainty created by intangibility can be offset by strong branding, so the primary task of the brand name or trademark for a services is to offer recognition and reassurance, rather than performing other functions such as positioning or local adaptation. McDonald's operates under the name and golden arches trademark around the world so that local and travelers know that they will get the genuine McDonald's experience. Travel related services virtually know that same brand name globally. International branding is supported by transnational advertising and consistent corporate design, featuring recognizable color schemes and an easily identified logo and trademark. The challenge is to avoid a using a corporate motif, name, or color that has unintended meaning or undesirable connotation in another language or culture.

Transnational or global advertising campaigns designed to build brand recognition and preference-sometimes termed strategic advertising as distinct from local, or tactical, promotions-often employ the same print artwork or video sequences around the world with text or voice-over in the local language. When developing global campaigns, it's essential to create visual themes that will travel well across different cultures. The need to be able to create and implement such campaigns for global clients has been an important factor in globalization of the advertising industry. There is usually still a need for local , tactical advertising. Among the roles that this may serve are educating prospects in local markets about service features and capabilities, positioning

the service against local competitors, and engaging in promotions designed to encourage trail and boost sales in periods of low demand. Education customers and prospects may be especially important when moving to a new market where prospective customers are relatively less familiar with the service. Ways to build such expertise include well trained salespeople and contact personnel, brochure, Web sites,'and presentations at trade shows.

Place- Delivery strategies vary according to the types of process involved. Information-based services lend themselves most readily to electronic delivery in cyberspace,even marketing possible delivery though a global network from a single, centralized source(although languages and preferred delivery schedules must still be taken into account). Delivery of high contact services requires physical facilities, where the choice of delivery locations, building design, and operating schedules time may need to conform to local lifestyles, regulations, and climate.

Productivity – One of the challenges for international firms is achieving the same levels of productivity and quality that are the norm at home. The more that strategic success is dependent on consistent performance across countries in these two areas, the greater the effort that should be made to set global goals and standards. In network services, such as telecommunications, transportation, or business logistics, weaker quality standards in one location may prove to be the weak line in a global chain. Poor local infrastructures and difficulty in recruiting local personnel with the required skills and attitudes, can make early parity in quality and unrealistic goal. On the other hand, lower productivity may less of a problem if local costs are much lower than in the home country.

People- Can a global company develop a consistent , recognizable global culture? The answer is generally yes given careful hiring and training, motivation, and role modeling . The task is greatly facilitated if the firm recruits against similar personality and value traits as are found among successful employees in other countries. However , success takes time. Some firms make a point of sending local managers to the company's home country for a period of training and familiarization with corporate routines. One of the challenges is to ensure that the global corporate culture can coexist with the national culture without causing ethical conflicts or discomfort among employees and customers.

Processes- If a particular process offers a distinctive competitive advantage, a firm may want to ensure use of that process worldwide.Some service industries are in transition

from high – contact, people based processes to low-contact, technology-based processes. But this transition cannot be expected to take place simultaneously around the world , especially when there is wide variation across countries in the level of infrastructure of customer sophistication. Moreover, some cultures may be more conservative and resistant to change than others. Hence, firms may have to base their international strategies on rolling out new technologies in sequence across different countries as customers become ready for change and the necessary infrastructure become available . Operating across many different countries has the advantage of allowing firms to create test markets in one or more of these countries to evaluate new processes that may eventually be adopted worldwide.

Physical Evidence- In terms of appearance and architectural design, service firms have started to look the same around the world, but this type of standardization is not necessarily required or even appropriate for effective execution of transnational strategy. In the hotel business for instance, monotonously similar building exteriors and interiors are not always appreciated, even within the confines of a single country. Nevertheless , in consumer services, international travelers may seek some identifiable cues that speak to quality and positioning issues as well as confirmation that they are dealing with the same global supplier with which they're familiar from another country. Recognizable consistency in uniform design is one way to provide reassurance, although firms must be careful to create suitable variations for different climates and be aware of different culture norms for appropriate dress, especially among women.

CHAPTER- VII

IMPACT OF INFORMATION TECHNOLOGY IN SERVICE MARKETING

CHAPTER –VII

IMPACT OF INFORMATION TECHNOLOGY IN SERVICE MARKETING

Technology is the skeleton of the economy, around which marketing institutions form like muscle. If technology changes, then marketing inevitably changes as well. When television was invented, marketing changed itself to take advantage of the new medium, through commercials and program sponsorship. When the interstate highway system was built, marketing adjusted to that by building suburban shopping centers. When supermarket scanner technology emerged, marketers devised ways of exploiting the new technology by inventing point-of-sale couponing and store-level databases. Many of the technological changes of the recent past have involved the blossoming of the information age, which has made the entire economy more information-oriented, and therefore more services-oriented.

The important changes in marketing in the coming year are almost certain to be driven primarily by changes in information technology. In fact, several very important technologies now beginning to be implemented will soon have a profound impact on marketing. These technologies ,taken collectively, form what we will term the digital age, an age in which digital communications technologies merge with digital computer technology[1]. In the digital age marketing will become faster and smarter. In this age marketing will meet customer's needs quicker and more accurately. Consumers will gain power, as they obtain more access to large amounts of information . For example, any customer who has complete knowledge about prices will never overpay. Knowledge translates to economic power. Advertising and retailing, meanwhile, will suffer greatly, while customer service will become more important than ever.

The new prevailing paradigm of marketing will be *adaptive marketing,* in which products(very often information services) will be customized to suit individual

[1] Video Dial Tone, The New World Of Service Marketing, Journal Of Services Marketing, Rolond T. Rust and R. W. Oliver, 1994.

customers and will be continually updated. Marketing will be radically transformed as a result of this technological revolution.

THE DIGITAL ERA

Digital storage of information was a powerful invention because it made possible the storage and manipulation of vast amounts of information by computer. In fact digital storage of information became widespread with the invention, in the 1940s, of the practical digital computer , which stored information electronically in binary bits(one or zero, on or off). Telephone lines , and cable television, transmitted information in analog; the sound waves themselves were transmitted in electronic form. Digital transmission of sound and pictures required too much "bandwidth" (amount of information transmitted at one time) to be feasible.

Since the 1980s, however, two developments have changed this situation. **First**, the use of fiber-optic cable has greatly increased the bandwidth available for data transmission. **Second,** data compression technologies have made it possible to transmit sound and pictures using for less bondwidth than before the not result of these two technological developments is that the transmission of vast amounts of information to the home is now technologically feasible. The biggest remaining hurdle is the economics of laying fiber-optic cable to the home. Once this feat is accomplished , there will essentially be no practical limit to the amount of information traveling to and from a home, and hence, and hence there will be profound consequences on how marketing is done.

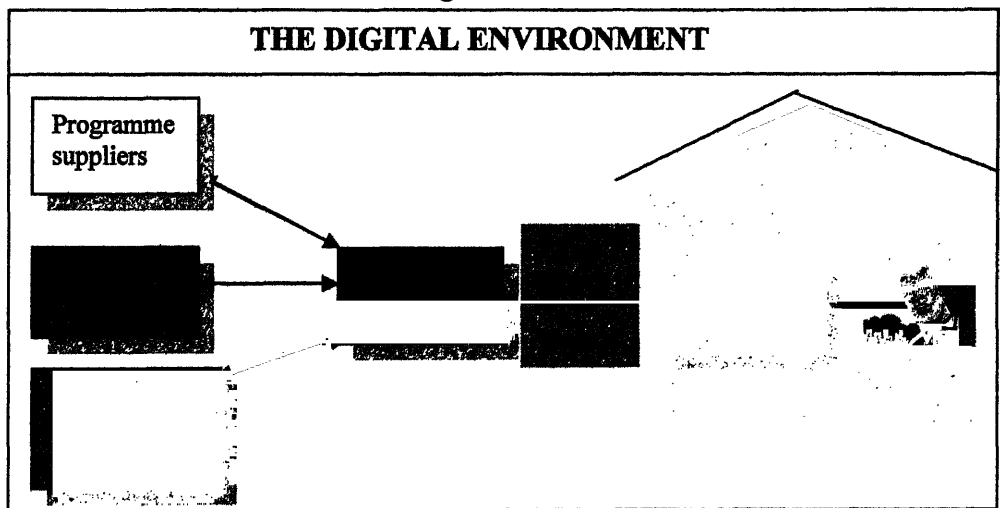
Figure 7:1 shows that the history of two modes of communication to the home: telephone and television roughly every 20 years there has been a major revolution in this technology. For the year 2000, the feasibility of transmitting vast amounts of data to and from the home should result in the videophone (a telephone with a television-like picture) finally catching on (as real-time video, instantaneous video transmission, becomes possible). Then interactive cable television will become widespread, with a vast number of available channels and options. Currently it appear as though this network may evolve directly from the Internet.

The digital age blurs the line between media such as telephone and cable T.V. If the telephone transmits pictures and cable T.V is interactive, what is the difference using a personal remote device, much like an existing TV remote control.

Figure-7.1

THE HISTORY OF COMMUNICATION TO THE HOME		
Year	**Telephone**	TV/Radio
1880	(none)	(none)
1900	Party line	(none)
1920	Private	Radio
1940	Private	Black-and-white TV
1960	Private	Colour TV
1980	Private	Cable TV
2000(projected)	Videophone	Interactive cable

Figure-7.2

THE DIGITAL ENVIRONMENT

(Source : Service Marketing, Rust, Zahorik and Keiningham, AWL, New York, 1999**)**

The TV is connected on to an information network via fiber-optic cable. Connections may be made , using the network, to other customers, program suppliers, or marketers and other business organizations.

MARKETING BECOME FASTER AND SMARTER

The above technological changes have the general impact of making it possible for marketing to become faster and smarter. Of course , if being faster and smarter is possible , it *must* be done so as to remain competitive in the marketplace.

Marketing must become faster because communications technologies make it possible . An example of this is banking by TV. Initially, customers had to visit the bank, during normal banking hours. Then banks created drive-through windows, to make visiting the bank faster. When computer technology became sufficiently advanced, automatic teller machines (ATM) made it even faster to bank, by permitting transactions at any hour. The new interactive TV environment makes banking even faster, by permitting banking transactions in the home, without even having to drive to the automatic teller. The waiting time for conducting banking transactions has shortened steadily and dramatically over time.

Marketers will be on the right tracks by imagining what would happen if their service could be provided immediately and by considering how to use the new technology to do that. For example, consider purchasing new shoes. Immediate shoe purchase would require some way of immediately determining fit, and inspecting the shoe visually. The information could include not just the size of past shoes, but what those shoes were, and how they fit, providing a basis for making an immediate size determination for the current shoe. Visualization of the shoe is again possible through interactivity, with the customer requesting to see the shoe, perhaps superimposed in the customer's own photographic image. The Marketers will have to use their imagination to take full advantage of the speed of the digital environment.

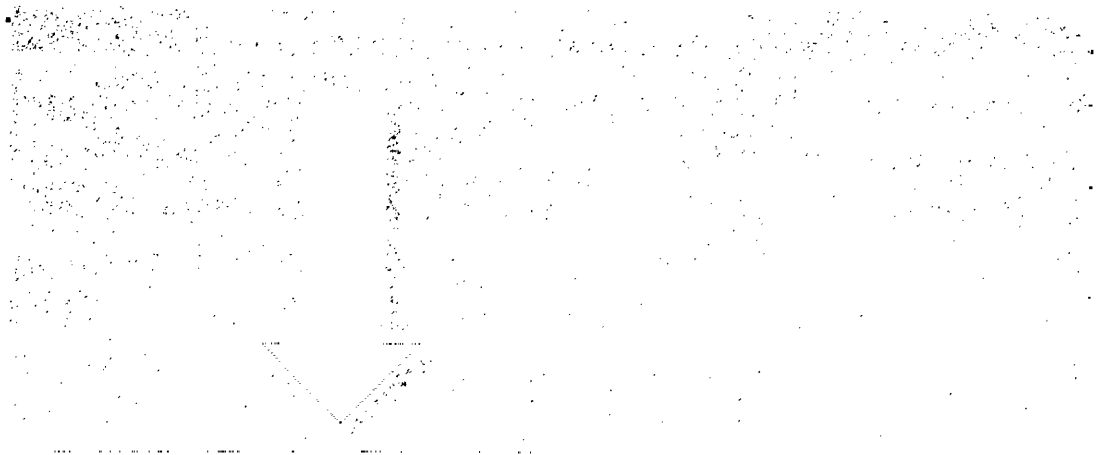
The preceding example also takes advantage of the ability of the digital environment to permit marketing to become smarter. The computer knew the customer's purchase and fit history and was able to use that information to guide future purchases. The key to taking advantage of this feature of the digital environment is to imagine how marketing would work if the computer were infinitely smart and had complete knowledge. For example, suppose a customer wanted to buy a shirt. An infinity smart marketer would know what style as shirt the customer had preferred in the past, and would present that style, first. The marketer would know the customer's size and the

credit card the customer generally used for purchases. The marketer would also know exactly where to ship the merchandise. The digital environment makes all of this feasible. A purchase history would contain a data file that included past shirts purchased, with sizes and prices. These figures could then be matched with existing product offerings, by checking the data network. The customer's credit card and address are easily collected and stored on a data file.

CONSUMER POWER

The technological shifts of the digital age will have important implications with respect to shifting power in the distribution channel. Figure7:3 shows a remarkable historical shift in power from the manufacture to the retailer, and eventually to the consumer. As recently as the 1970s , the manufacturer enjoyed primary control power-based on the manufacturer's access to national or regional market surveys and extensive sales data. Retailers could not match this. If a manufacturer told a retailer that a certain item would sell because it sold in similar markets around the country, the retailer was in in position to disagree. Thus the manufacturer could largely dictate the retailer's merchandising strategy, resulting in inefficiencies such as the wrong goods being pushed in a market, thus hurting the consumer.

The advent of retail data around 1980 changed all of this. It gave the retailer access to

Figure-7.3

Actual purchase records by customer and product. If the manufacturer tried to push a particular product, the retailer might refer to scanner data that indicated

that product or similar products had failed previously. The effectiveness of sales promotions was also more clearly evident from this new information. Thus retailers gained an advantage in negotiations with manufacturers. In coming years, power will shift even further down the channel. In the digital environment, the customer has extensive amounts of data available. For example, the customer will be able to check prices easily. No retailer or manufacturer will be able to charge uncompetitive prices, because that fact will become known to the customer through a simple database search. Prices will tend to drop, reflecting this new power of information enjoyed by the customer.

Quality will also rise. Database and information searches will also provide the customer information about quality. Imagine a consumer magazine on-line and covering every imaginable product and service. Widespread use of these resources will result in better customer decision making. The sheer quantity of information to be navigated will require that the customer get some help . One way to visualize this is a "knowledge robot" or "knowbot" that can help narrow down information into an amount which is digestible. Figure 7.4 shows schematically how this might work. Such a knowbot is identical in function to the "reducing valve," which author and mystic Aldous Huxley hypothesized as being a primary function of the human brain[1].

We foresee much of the knowbot's function as being proactive in nature. For example, the knowbot might suggest which television programs or movies might most interest the viewer. Or, if a sale came which along that would be likely to interest the customer, the knowbot could let the customer know. We also foresee that the knowbot, along with other database and computers helpful to the customer, would be housed with the customer, in the home. This decentralized location is most consistent with the knowbot's decentralized function. Marketers must learn how to take advantage of this situation. In sum up, marketer are going to have to learn how to market to knowbots. One marketing course of the twenty-first century might very well be "Computer Behavior"!

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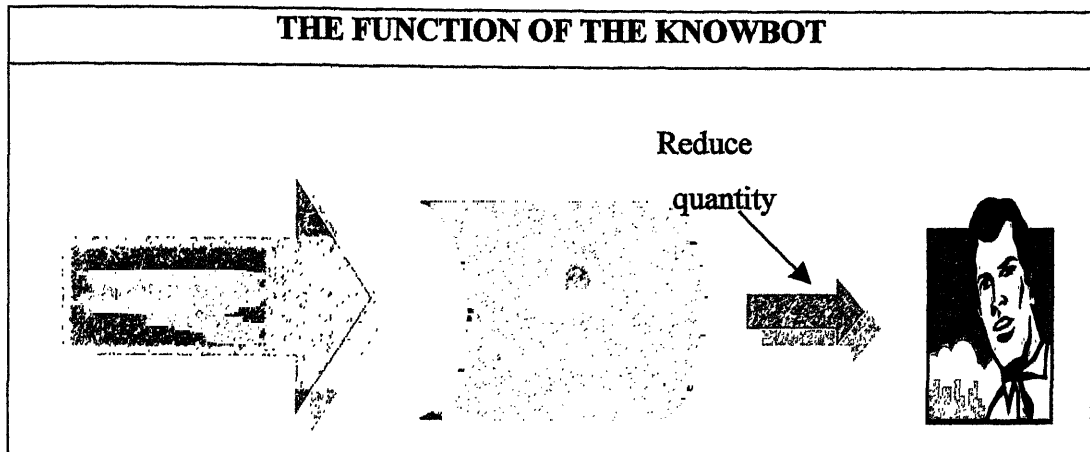
[1] Aldous, Haxely, 'The Doors Of Perception', New York, Harper, 1954.

Figure-7.4

THE FUNCTION OF THE KNOWBOT

(**Source :** Service Marketing, Rust, Zahorik, Keiningham, AWL, New York, 1999)

THE DEATH OF ADVERTISING

One of the implications of the digital environment is the death or extreme decline of advertising as we know it. This changes may be seen historically. The conduits for advertising are media, and media are changing drastically. From the 1950s through the 1970s, it was easy to obtain a large audience by advertising on network television. There were only three networks, and thus each could gather a large audience. In the 1980s, this situation began to change very rapidly. Cable television proliferated, resulting in an increasingly fragmented media environment, and relative, decline of the broadcast networks. A similar change we occurring in magazines, with new titles appealing to very specific segments putting general magazines out of business. Not coincidentally, the advertising industry went into a tailspin during this period, with the major advertising agencies laying off large numbers of employees, as marketers looked for new ways , such as sales promotion and direct mail, to drum up business.

The digital age that is forming now will greatly accelerate this trend. The media environment will fragment into tiny pieces, with television increasing its channels by approximately 500% , based on current technology, and magazines deliverable electronically becoming individualized. Media will eventually not be able to reach enough people to justify advertiser sponsorship. Ultimately not be able to reach shift of

promotional funds to other methods, such as outdoor advertising and event sponsorship and the creation of shopping programs that can be selected voluntarily by customers.

THE DECLINE OF RETAILING

Advertising will fall on hard times, retailing will suffer as well because one of the main reasons for the success of retailing, convenience, will be removed. Shopping on the TV will simply be easier than going out to a retail store. Also, TV shopping will be cheaper, because manufacturers selling direct do not have to pay the overhead of a retail store. This means that customers placing a high value on price and convenience which is probably most customers will opt for TV shopping.

That leaves retailers with the segment of customer who are not price or convenience sensitive. To be successful , retailers will have to provide a shopping environment, that is itself a memorable experience, and emphasize personal service with a uniquely human touch. One might imagine that upscale boutiques would probably survive, but discount stores are probably in for a tough time. With retailers in decline, there, will be a major increase in the need for delivery companies that can facilitate direct delivery from the manufacturer to the customer. In essence, delivery companies will assume much of the role currently played by distributors and retailers.

CUSTOMER SERVICE

In the era of digital age, customer service is likely to become increasingly important-mainly because greater technology provides better capability. For example suppose a product is not working properly . A customer service representative could show the customer, over the interactive television, how to use the product and evaluate problems with the product. Customer service is inherently interactive, and the biggest problem is adequate communication. This problem is addressed by the inherent interactivity of the media environment. A much closer relationship between the manufacture and customer is facilitated, leading to a new level of expectations in service, and a further shift in emphasis away from the physical product, toward service delivery. Needless to say , complaint management is also facilitated, by being made both faster and smarter.

THE NEW PARADIGM

Modern marketing has had several major eras, defined by the degree to which products were customized. The first era as shown in figure 7.5 was the mass marketing era. This era extends roughly, from 1850 when standardized parts became increasingly

Figure-7.5

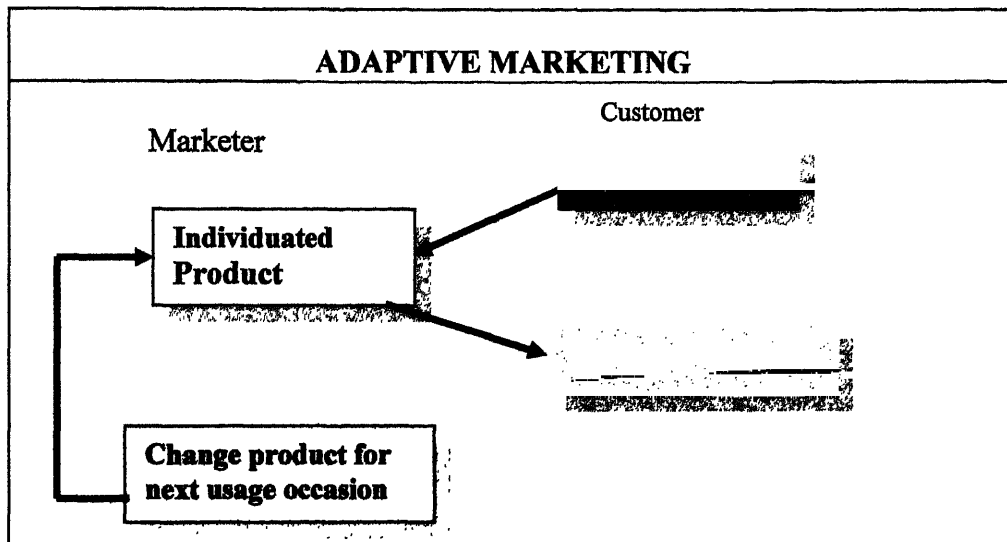
THE ERAS OF MODERN MARKETING		
Time period	**Era**	**Strategy**
1850-1930	Mass marketing	Standardized products
1930-1990	Market segmentation	Differentiated products
1990s	Relationship marketing	Differentiated products/ Individualized services
2000+	Adaptive marketing	Continual improvement

Common in manufacturing. The advent of radio help to stimulated a greater interest in consumer choice, by highlighting the many possibilities available . The result of this was the development of groups of people with very different wants, even within the same products category. General motors was quick to recognize this , and moved to offer consumers a wide variety of colors and features. Ford, until that point the unquestioned leader of the auto industry sacrificed several future generations of possible market leaders by gamely sticking to the old strategy. The era of market segmentation had begun. This era required differentiated products that would appeal to different customer segments.

Some time around 1990 or possibly a few years before another era became dominant. Widespread access to computer databases and easy to use computer software programs made it possible to keep track of individual customer on an ongoing basis. Relationships were then maintained by such techniques as direct mail, telephone calls, or personal visits. Customers were contacted about offerings that according to the database they would be likely to desire. Business learned as much as possible about customers, and stored the information in customer databases. Essentially the relationship marketing

era provided individualized service, although the products themselves were not typically individualized.

The next step is adaptive marketing in which both the product and service are individualized. What makes this individualization possible is the ability to customize products, plus the ability to obtain and ongoing information about usage and choice. Figure 7.6 shows how adaptive marketing works. The expansion of the economy in the

Figure-7.6

the digital age will primarily be the result of the growth of information services. Information services have the characteristic of potentially being altered for every individual usage occasion, for every individual customer. Consider, for example, an electronic newspaper, such as is likely to be available in the digital environment. There is potentially a new usage occasion every day. The knowbot provides the stories in the order in which they are likely to be desired, based no that individual's preferences and reading history. The individual then chooses which stories to read, and how much time to spend on each story. Based on this " choice and usage" pattern, the knowbot then updates its database about what this individual customer is likely to prefer in the future. This results in a revised, and continually improved, product offering for the next usage occasion . Essentially, adaptive marketing is the ultimate form of marketing to segments of size one. The product itself is customized to best please an individual customer, and the product is updated for every usage occasion. Increasingly, marketing will be done this way in the twenty-first century.

CHAPTER-VIII

PROBLEMS AND SUGGESTIONS

- A.PROBLEMS OF SERVICE MARKETING
- B. SUGGESTIONS FOR EFFECTIVE SERVICE MARKETING

CHAPTER-VIII

PROBLEMS AND SUGGESTIONS

A-PROBLEMS OF SERVICE MARKETING

The service sector of the economy is growing. As witnessed by various developed countries of the world, services are going to occupy a dominant position in the Indian market. Despite this optimistic trend and already burgeoning markets of a number of service organizations are yet to open up to the marketing philosophy. By and large, service organizations tend to be plagued by tradition-based, routinised approach to operations and selling. Marketing oriented services organizations and exceptions rather than the rule. The tools, techniques, and philosophy of people in service businesses continue to be unaltered. The manager in services have remarkably lagged behind in accepting marketing philosophy and adopting promotional techniques, product related strategies, channel evolution, marketing research and coordinated marketing. The incorporation of sophistication is an imperative, rather than a luxury, in the fast changing environmental spin. At present a number of problems faced by the service marketing, these are given bellow: -

MARKETING ON THE LOW EBB

Service firms have been discovered to be less open to marketing than manufacturing firms. They have lagged behind in developing and using marketing. One study of 400 service and marketing firms revealed that service firms are less likely to have marketing departments, to make use of sales plans and training, and to employ marketing professionals like consultants, advertising firms and marketing research agencies.

Another study on the marketing activities in the services firms discovered that marketing is generally on the low ebb. Compared to goods marketers, service firms tend to be less marketing-oriented. Service firms are less likely to have marketing mix activities carried out in the marketing department; less likely to perform analysis in the area of service product; more likely to undertake advertising internally rather than go to specialized advertising agencies; less likely to have overall sales plan; less likely to develop sales training programmes; less likely to utilize the services of marketing

consultants and marketing, research firm: and less likely to spend much on marketing as a percentage of gross sales.

Overall, marketing is a less formally attended to area in service companies. It generally tends to be ill organized and unstructured. Why is marketing in such sorry state in service companies? A number of reasons could be traced, which account for lack of marketing thrust in the service organizations.

BELIEFS, PERCEPTIONS AND ATTITUDES

Much of service firms' problems are rooted in the beliefs , perceptions, and attitudes that service people have about the very nature of service. Services are generally thought to be old fashioned, archaic, and pre-industrial, which hinders the absorption of marketing philosophy. And for these reasons, service firms tend to be family businesses, with little thrust on innovation, usage of equipment productivity ,and consistency in quality.

Another major problem is that service is still viewed in terms of personal ministration and attendance. The very term service evokes the picture of a master and servant relationship; it conjures up the vision of obedience and subordination. It (service) refers generally to deeds one individual performs personally for another. It carries historical connotations of charity, gallantry, and selflessness, or of obedience, subordination and subjugation. Such notions about service perpetuate mindless following of a certain set of practices, and because of the Stigma attached to service provision, the service firms tend to be overwhelmingly dogmatic in their approach to service provision. The service provider is expected to achieve higher levels of dexterity in skills that are essential in the service provision without thinking about the nature of the service act. Premium is placed on fast and efficient performance of what is already being done , not on questioning and seeking alternative ways to provide and deliver service. Ritualistic behaviour or unquestioned obedience is still believed to be the only and ultimate measure of good service.

Manufacturing, on the other extreme, focuses on efficiency, improvement, innovation and creativity. People tend to share different beliefs, perceptions and attitudes towards tasks, relationships, work orientation in manufacturing firms faster than in service firms. Manufacturing firms owe their success to the innovative behaviour by

which measurable improvement in production comes easily, while services are shackled by inverted attitudes. The improvement in service is by and large, thought to be dependent upon the service provider. And his skills , and attitudes are the only way to achieve the same.

Further, services are thought to be humanistic and personal. This prevents the use of machines in place of men, building of systematic service organizations, design of new solutions and development of new perspectives. It is for these reasons that service firms tend to be far from technocratic, engineering and marketing-oriented, and are paralysed by inefficiencies, poor quality of service standards and routinised operations.

NATURE OF SERVICES

Top marketing companies like Xerox, IBM, Coca-Cola, Apple, Toyota, BMW are known for their customer driven approach. They have been able to establish an inseparable association with the product and market. Xerox machines are the main line of business for Xerox Corporation. Apple operates in the personal computer market. There exists no ambiguity about the product they make, the market they cater to and who their main competitors are. The clarity of definitions of this kind emanates from the fundamental offerings. Goods marketers can seek answers to the questions revolving around customer segment, competitors, benefit sought, product's unique proposition, and substitutes, and , thereby , develop a suitable marketing scenario and evolve a marketing strategy in accordance with the perceived environment. Here the fundamental nature of goods-tangibility is a major source of aid. It can be well defined in various dimensions- quality, focus, cost, productivity. Understanding the basic product one offers to the market is the starting point for the adoption of a marketing-oriented posture; it is the beginning of the process of selling the product.

The basic nature of a service product, being intangible, still continues to elude many people in service businesses. Service people sometimes wrongly define their service products in terms of tangibles associated with the service . For example, bankers often think of credit card as their service, fast food joints take hamburgers as their service and transports mistake buses or trucks as their service.

This dislocation occurs mainly because of the inability to appreciate and define the true nature of a service product. "A manufacturing organization can define its

product in terms of specific cost, quality and performance characteristic which are embodied and observable in physical goods . For a service firm, the situation is almost reversed: the intangibles are an integral part of the total product bundle". In the absence of a proper vision of service product, service managers fail to arrive at the right definition of their customers ,and the competitors which may not *prima facie* appear to be in competition, or the most viable customer segment. In such a situation, service firms find it nearly impossible to draw priorities, keeping in mind customer needs and wants. Difficulty in understanding the service product is one of the major hurdles of marketing in service firms.

MISSING RIGOURS OF COMPETITION

There is a lot of truth in the old saying- 'when the going gets tough, the tough get going. A reason for the self complacent attitude of the service marketers is that , unlike goods marketers they do not have to face the chill of competition. Many services have thrived behind the protective shield of strict regulations which erect high barriers to the entry of potential competitors. Among the services which have operated in a protected environment are telecommunications, railways, road transportation, posts, insurance, banking, to name a few. This negates all logical correlation between their performance and their survival in the market. Such correlation just does not exist. Nor are the customers left with any choice. In the absence of any power to veto unacceptable service levels, the customers continue to patronize the service firms in all circumstances. And as the market performance is not allowed to be reflected in the market position, the service providers see little or no reason to give up the existing mode of functioning in favour of the adoption of marketing orientation.

Service firms further escape the rigours of competition because, unlike goods , services are not amendable to extensive distribution. Service firms tend to operate in well-defined local limits. In goods, there is a stiff competition for shelf space, which grants the customers precious access to a myriad of substitutes. On the contrary, services continue to have limited , off the shelf availability. Restaurants, hairdressers, repair shops, dental clinic , hospitals , etc. Operate in well-defined geographical limits carving out a monopolist's position for themselves. Because of this limited distribution, many service firms escape the rigours of competition.

A limited supply of services also shields them from stiff competition. Almost all professional services continue to be limited in supply. Doctors, architects, lawyer, surgeons, expert repairman, professors, etc. Offer services that are always in great demand. The ratio of these professionals to population is generally very low. For these excess demand conditions and limited inter-professional competition, the pressures to employ coordinated marketing into the methods of service provision are missing.

MARKETING IS NOT WELL APPRECIATED

Most of the service firms are characterized by poor marketing and tend to be overwhelmingly production or operations oriented. Beauticians, hairdressers, restaurants, repair garages, auto-service centers, or hotels are absorbed with the activities that constitute the service, and reveal a great deal of indifference to customer needs. Usually service firms fail to appreciate the marketing link between customer and themselves. In the absence of this valuable awareness of customer firm relationship these firms tend to be non-creative and slow to respond to customer needs and wants.

Service firms either do not have a marketing department, or their marketing department is the new appellation used for the selling function. Service managers, being by and large trained in service operations, are ignorant about the marketing disciplines. Therefore, marketing activities do not find support of the management in service firms. Marketing tools and techniques which have proven their worth in manufacturing organizations are looked upon with great deal of cynicism by these service managers. Some managers consider marketing as manipulative, wasteful, intrusive and unprofessional . At times, it is even equated with selling or advertising. This set of beliefs and unawareness have made it difficult for marketing to gain acceptance in services.

On the whole ,the failure of acceptance of marketing in services firms stems form the service managers' inability to recognize the importance of marketing for the success of their business. This failure is rooted in two weaknesses.[6] First, service marketers tend to have limited view of marketing and the business they are in. The perceived parity of selling with marketing leads to ignorance about other marketing essentials. The lack of clarity of business definition leads them to incorrect diagnosis of many of their problems. For example, movie producers define their business as movil

marketing though they are in international business. Second ,service firms tend to be characterized by lack of coordination in marketing activities. Marketing is performed without integration of all of its elements, which causes unbalanced marketing efforts that are only partly successful.

Many professionals, too, are allergic to marketing because they assume that marketing is not in conformity with their status and dignity. The professional service providers tend to view themselves as the producers to creators of service, and not as marketers. They feel very proud of their competency in doing what is their service (e.g. diagnosing an illness or giving a good haircut to the client). This over-emphasis on technical expertise and skill overshadows the need to use marketing. It is for this misconception that many professional services (lawyers , architects, accountants , doctors) are far off from the marketing philosophy. One survey into the attitudes of bank managers revealed that marketing at the field sales level (branch management marketing) was strongly identified as aggressive selling activity, and was often perceived to be an unprofessional activity for a banker. This shows a mental block that exists in the managers which prevents the diffusion of marketing thinking in service firms. The reason for the lack of appreciation of marketing could also be traced the service markets themselves. Many services depend upon the population growth to expand sales. Because the population is increasing , these services do not confront problems of a diminishing market. Services like telephone health, education, repairs, beauticians, domestic help and restaurants continue to be in short supply . The ensured supply of customers notwith-standing, the quality of services pre-empts the necessity to be close to customers. Service managers continue to view their success in the customer beeline in front of their facilities.

But , like true goods marketers, service firms must keep an eye on the ever changing customer need ,and meet them by effecting changes in the existing service products and tailoring new service packages. The scope for innovation in other marketing areas, viz. Pricing, distribution, location, is also unlimited. All it needs application of creative thinking to seek solutions to marketing problems.

THE MISSING PROFESSIONAL MANAGEMENT

Another road block in the growth of service marketing in India is that the service sector is not manned by professional management. It is for this reason that services, specially those falling within the category of public services, have been subjected to severe criticism for not being progressive and creative. These services have bureaucrats, not professionally trained managers, at the helm of affairs. Railways, Posts and Telegraph, Public Health Service, and Education have been laden with the bureaucratic system, and this has proven their undoing. It is for the lack of creativity and talented management that the department of posts has lost a big, emerging market for fast delivery services to courier industry; railways have been given competitive challenge by the road freight and passenger transportation industry; many public sector hotels and restaurants have witnessed a vanishing market; and it is a well known fact that hospitals and health centers run by the government provide appalling services.

In addition to this , many service businesses are supposed to lack status and charisma that is associated with goods business. Services like hairdressing, cleaning , or repairing are held in low esteem. Many of these services employ unskilled or semi-skilled personnel. This results in the whole firm being regarded in a bad light. Working in these firms is not considered prestigious. Such firms face lot so difficulties in attracting motivated and competent personnel. Some such service firms develop into family businesses, with almost negligible blend of professional management. Obstacles in their road to professionalisation keep them away from marketing awareness and pre-empt the adoption of marketing as a philosophy of conducting business.

NO RAPID SERVICE OBSOLESCENCE

Goods marketer operate under great uncertainty. The technological spin off continuously unleashes new innovations and new technological inputs to make existing products more efficiently. This poses a serious threat of making current products virtually obsolete over might. It is for these reason that goods marketing needs to pursue a policy of perpetual product appraisal, changes and development. The fluidity of marketing environment ceaselessly releases pressures that tend to disturb the product value and customer benefit equilibrium. This creates the conditions for goods companies to pursue marketing vigorously.

Service firms on the other hand , do not face the threat of rapid product obsolescence due to technological shifts. Though service product are also subject to bycles, they enjoy greater degree of continuity and certainty. Services including restaurants, tourism, transportation, education, health care, and communication have a strong relationship with the population. As population growth can be predicted in a fairly accurate manner , these services are not subject to abrupt ups and downs. The protection from the forces of technological movements and stability of customer preferences for service products provides a protective umbrella for service companies. This advantage makes service managers insensitive to customer needs and wants, and they pay little attention to formally plan the marketing function. Lack of rapid product obsolescence owes much to the sluggishness shown by the managers in service to marketing and customer orientation.

TECHNICAL PERSPECTIVE

Managers in the service firms score high on production orientation . The primary reason for this is that the managers who climb up the hierarchy possess qualifications and training in operations. Because of this service firms do not have a marketing perspective. Lawyers, chartered accountants , physicians receive training in legal provisions , accounting , and medicine, respectively, and as managers of service firms, tend to have extensive knowledge in their specialized areas but possess a limited and hazy marketing vision.

The overwhelmingly technical orientation of a service manager often causes conflicts between what the service provides and what the customer expects. Managers view services from a technical perspective. Banks may take an unduly long time in perfecting a credit transaction, while for the customers, time may be most valuable. This discrepancy in quality perceptions of service provider and the customer is another stumbling block in the adoption and practice of marketing concept in services. A study of service customers revealed that banking customers attach premium on the confidentiality provided for their transactions; credit card users view security feature which do not permit unauthorized use of their cards as the most valued; and product maintenance and repair customers value friendliness of atmosphere as important.

Achieving congruency between the benefits a customer most values and the feature of the service offering is the first requirement for the adoption of marketing in the service sector.

LACK OF MARKETING KNOWLEDGE

Non availability of conceptual inputs and a theory developed specifically for service marketing situations is another powerful road block to marketing in services. Much of the advancements in theory-building have taken place in the context of goods. Text books , journals and know-how books attempt to solve riddles of goods marketing to great neglect of the services. It was only in the last decade that the attention of academicians and theorists shifted to service marketing. This inadequacy of appropriate body of knowledge makes service managers averse to marketing , as their attempt to transplant goods marketing knowledge to service situations has often resulted in fiascoes.

PROBLEMS OF FINANCIAL SERVICES

The Indian financial services industry faces competition from its global counterparts. It has to integrate itself with the rest of the world, or resign in favour of the increasing presence of the financial firms in India. The various problems constraining growth.of the financial services are as fallows :-

- **Inadequate Supply of Suitable Personnel**

The supply of suitable personnel constraint faced by the Indian financial services industry. It just with job-hopping at the senior and top-management levels. The public sector financial services industry is constrained by restrictions imposed on salaries, and the private sector firms in this realm do not match the offers made by the foreign financial firms.

- **Office Accommodation**

Office accommodation is another limitation. Mumbai, which is the leading financial services industry center in India, has become more expensive when compared even to Tokyo in terms of office space. The problems are not only with the rentals, but also with the lodge, allocation and transfer of such rent and its registration.

- **Low on Technology**

Lack of proper appreciation of the advantages that could be derived by using the advances in computer and telecommunication technology intensively has also

constrained the growth of the financial services industry in India. The clearing of cheques in banks is still not computerized .The networking for transfer of various instruments is not effective. The accounts do not get a proper shape because of their manual handling. Physical presence is required for every transaction. The time taken to deliver services is too long for various transactions. All this comes in the way of effective functioning of financial services firms.

❖ **Fees and Quality of Service**

The key to the survival of a financial services firms to deliver quality services and products at the right price, at the right place, and at the tight time. This necessitates the application of the appropriate technology to process a large flow of information services to their clients. Though the regulator has fixed a fee for various services, there are still gray of areas where discretion of the financial services institutions is exercised. The clients often complain about the poor quality of services and high fee charged. It is an open secret that the merchant bankers have been doing a slipshot job. Questions are being raised about the work of the credit rating agencies. The raising of foreign finance is being done without collecting relevant information on a continuous basis. The budget presented in Parliament in 1997-98 spoke of inflation-indexed bonds, the issuance of which have become a routine feature of the capital markets abroad.

❖ **Fee and Fund-based Business**

The dependence on fee-based business has hit financial services firms very severely. They would have to strike a balance the fee the fund-based business.

❖ **Core-competence, Bench-marketing and Ethics**

The providers of financial services, are ready to provide any service for the asking without giving any regard to core competence. This does not allow financial services firms to build up competitive advantage. The absence of benchmarking deprives them of the benefit of cost-control, cost-reduction and review of processes and procedures governing their activities . Some financial services firms have often got involved in unfair practices through imparting unethical advice. These firms must curb such tendencies and adopt the best practices.

B-SUGGESTIONS FOR EFFECTIVE SERVICE MARKETING

Service Marketing would have to jettison their time-tested, but archaic, approach to managing, and discover new tools and techniques to cope with new challenges. Marketing would emerge as the core business philosophy and success would belong to the ones who excel in customer mindedness and responsiveness. The need to build and sustain competitive advantage of would assume paramount importance in the wake of burgeoning competitive and customer pressures which will place premium on superior, competitive marketing. There are some suggestion for effective service marketing . These are as fallows :-

QUALITY IN SERVICE

As the race to compete and survive intensifies, service firms discover their service offerings becoming dangerously similar to one another. The service products of airlines, banks, fast foods, and the like equally measure up to one another's specifications. Airlines offer identical flights with the same fare structure, banks offer virtually the same schemes on the same terms and conditions, fast food joints offer identical menus. How does then, the customer patronize one and not the other? of course, his decisions are based on quality. But service firms tend to be ill informed on such a critical matter. Quality is ,therefore, one of the key issues that are receiving greater attention of service marketers.

Getting quality service is more of an exception than the rule. Service business are blamed to miss out on quality more often than manufacturers. The reason for such dismal performance on the quality front is that most service managers continue to be deceived by the notion of quality in services. Quality in services is an illusive concept. It is more difficult to evaluate in services than in goods. The criterial of that is used by the customers in services is not easily comprehensible to the marketers. Unlike goods, wherein quality predominantly is a goods related issue, in services customers do not solely evaluate quality on the basis of the service outcome (technical service quality), rather their evaluation is affected by the service process (friendliness, responsiveness of service personnel). Quality in service is a customer oriented phenomenon. It is defined by the customer, all other judgments are of little value. Various approaches, tools and techniques of controlling quality have so far been overwhelmingly goods-dominated. It is

because of the fundamental mismatch between what quality knowledge offers, and what service situations demand, that service business have been faring badly on the quality front.

The traditional approach to quality control laid emphasis on reducing variations in the output from the predetermined standard. The statistical quality control method analyzed deviations in the manufactured materials, parts and products, and attempted to reduce the same through more elaborate inspection, thereby making quality control the responsibility of a distinct department or function. Such approach has not found application in service industries because the concept of product itself is fluid and it is difficult to determine and enforces standards on the same. The traditional tools can not be applied to measure or inspect quality in service output before delivering it to the customer. For instance, management of a fast food restaurant may successfully lay and enforce standards on physical dimensions of an hamburger, the quantity of sauce to be supplied, frying time and the like, but it may still fail to check on the smile ,courtesy, word of welcome looks, and a plethora of intangibles which have a powerful impact in determining the quality of service experience.

Many service business go downhill because quality issues keep them in the dark. They do not recognize that a quality problem really exists. Service managers do not have solid measure, on the one hand, and customers who are dissatisfied with the service quality do not complain, on the other. This forces service firms into a vicious cycle of quality deterioration.

Provision of quality service is not an easy task. Service managers can not rely on off and on approaches to managing quality. It can only be improved through organization-wide commitment and support to quality programmes. Before embarking upon the quality programme, what quality service means to the target customer should be made clear. Quality in the technical sense, is of little value. What is more important is that a customer-oriented perspective should be obtained.

Service quality is the conformance of service(s) to customer specifications and expectations. The first step in mastering quality in a service game involves determination of benefits that the customers expect from the service product. Once such benefits' or expectations' profile has been develop, management must begin to develop

appropriate service products that meet those expectations. Delivering unwanted benefits or performing wrong functions for customers is not delivering service quality.

For developing and implementing a successful quality programme, management must start with the first step of determining the target group's expectations. The concept of quality may differ from one target to another . It is , therefore, essential to ascertain what quality service means to the customer. What the quality in the context of the service? What are the characteristics of quality service from the customer's point of view ? Service customers attach a lot of importance to the following factors in their appraisal of quality in a service dependably, accurately and consistently; responsiveness-the service should be delivered promptly and the company should respond to the customer's demands; assurance-the service employees should be courteous, knowledgeable and assuring; empathy-customers should be attended to on individualized and personalized basis; and tangibility-the physical evidence associated with the service facilities should be clean and employees should be well groomed. The other important dimensions of service quality include competence of service personnel to perform the service , overall courtesy of employees in terms of politeness, respect and friendliness, trustworthiness, security, ease of contact, communication and an honest effort to understand customers.

DEVELOP CUSTOMER SERVICE CULTURE

The heart of the service exchange is the customer-provider interaction, or the moment of truth. Human behavior being subjective in nature, the thousands of interactions which take place daily in an organization cannot be fully mechanized or predetermined. Each service encounter tends to be unique. The service firm may programme its employees to deal with possible types of encounters which could be predicted in advance on the basis of intuition or experience. Yet each service encounter , being unique , may bring the employees face to face with a situation in which the standardized behaviour format would be of little avail. The issue is, what happens if the explicit commandments and directions to behavior go silent in an encounter? How can a service firm cope with such a situation, especially when the possibility of their occurrence is endless?

Many service firms adhering to the marketing philosophy develop customer-satisfying service products. Failures occur not in relation to service product but in addressing the issues of service execution, which pollute the total service experience. Human involvement in services, sometimes, creates a situation of uncertainty in an encounter. The service provider-customer encounter may involve a conflict between organizational interests, like inadequate staff, time schedules, routinised treatment, apathy, etc., and customer interests, like speed , personalized treatment, convenience, access and flexibility. This conflict may lead to situations in which employees go blind in the absence of proper guidelines. That is ,when the visible system fails to provide proper behavioral context to the service employees, how do they devise a solution to handle such situations?

The banker's gesture spoke volumes about the invisible side of the organization that give him background within which he devised a solution to unique occasion. When explicit rules go silent, the invisible values and beliefs assume importance. Culture gives employees invisible signal that direct them in different situations.

Successful companies, both ,in manufacturing and services are known for their culture , specially the customer service culture. A strong culture is a powerful lever for guiding behavior. It helps employees do their jobs specially better in two ways: First a strong culture is a system of informal values that spell out how people are to behave generally, and secondly, a strong culture enables people to feel about what they do so they are more likely to work harder. These companies focus on building customer oriented values beliefs, and understanding to get the maximum out of their personnel in the customer service process. Service firms must aim to build a distinct service culture through tools like corporate missions, rules, meeting, reward, and sanctions. Invisible corporate values can be sustained and tangibilised by ritual ,printed material , symbols, corporate folklore, language, and management actions. It should not be assumed to be 'exogenous and given', it should rather be something that needs to be monitored and changed.

ESTABLISHING RELATIONSHIPS WITH CUSTOMER

The swinging brand preferences as against blind loyalty is one of the most important concerns of the marketing community. Such a phenomenon may be due to the marketers ability to easily imitate brands and thereby, achieve product parity and vigorous pursuance of the strategy of price reduction, discounts and sales promotions to woo each other's customer into the net.

In such a situation, the conventional transaction-oriented approach to marketing in which emphasis is placed on actualizing a single transaction offers little help. It focuses on immediate present and does not contribute to survival in the long run. It is the time to exit transaction marketing and enter relationship with the customers. It is a truism to repeat that it costs much less to generate repeat sales from current customers than attracting new ones. White practicing relationship marketing, a firm can take precaution in building ties with those customer who have potential for further sales and screen the rest. Banks, in particular identify key customers whose deposits indicate potential for other service products, and build relationships on one-to-one basis.

Many service where entering into formal membership with the service firm for service purchase is not required are joining the relationship bandwagon to cash on its advantage. Retailers, airlines, restaurants, hotels , are fast turning to relationship marketing . Firms are building data bases of customers detailed profiles on income, age sex, marital status, family preference tastes etc, so that each customer can be attended on a customized and personalized basis ,leading to building of lasting relationships. American Airlines originally pioneered the concept of relationship marketing .In 1970s when it realized that more than three fourths of its total business came from one fifth of customers, it built a data base of frequent fliers and launched a Frequent Flyer programme with great success.

At the heart of every successful relationship building programme lies the appreciation of the things that create or alienate relationships. The service firms must begin with teaching its service personnel how an occasional visitor could be converted into a life long patron. The things that favorably affect relationships include candour in language, show of appreciation, making service suggestions, accepting responsibility, planning the future , talking about shared use of common jargon and short hand. Things

that unfavorably affect relationship include making justifications, only responding to problems, shifting blame, rehashing the past, accommodative language, waiting for misunderstanding, and long winding communication.

A proper implementation of relationship marketing programme would necessarily involve a major change in the way customers are dealt with. The focus would shift actualizing the current sales to building ties and conditions that would bring the customer again to the firm. This can often be achieved through personalizing the service. Nordstrom, a department store ,has been able to build enviable reputation for the most outstanding service worldwide. The store's philosophy is to provide excellent customer service at premium price. Excellence in service is achieved through building lasting customer relationships.

The store employees are asked to build personal ties with customers and use their own good judgement in all situations. The sales persons very intimately help customers find desired articles and accompany them to all department in a friendly manner. This customized personal treatment of sales people distinguishes Nordstrom from, most other retailers whose sales people follow a rigid hand book approach to serve customers. The sales people are also given freedom to pursue their relationship post transaction or visit by follow-ups, converting a one time visitor into a regular customer.

PERSONALIZING THE SERVICE

Service firms have a scope for strengthening relationship with their customers by personalizing their service provision. Personalization involves development of a close relationship between the person providing the service and the customer. Many service are blamed for the absence of warmth and personal touch in their service provision. Services like restaurants, banks hairdressers, hotels, airlines , and health care have enormous opportunities to personalize services but , generally these are associated with apathy, lack of concern and de-humanization, while in other services in which production line approach is applied, the scope for 'customerisation' is minimized and service personnel have minimal contact with the customer. As a result the customer may get good technical service product, but remain dissatisfied on the personal attention front. In both cases, the importance of personalization should be emphasized. Service

personnel need to be trained to develop strong interpersonal ties with customers, irrespective of the duration of their interaction.

The service firm may impart its customer-contact personnel training on how to give a personal touch in their encounter with the customer. Individualised attention is a very powerful motivating force for most of the customers. A touch of empathy exhibited by the service personnel has tremendous impact on emotional satisfaction. Little things like greetings customers by name, appearing friendly, smiling and offering compliments may go along way in cementing ties with customer. The personalization package focuses on three things: all the employees must wear a smile must accept responsibility for any guest's question and wish the guest the time of the day. Accepting the responsibility stresses on the value that an employees must make sure that a guest's quarry is solved, whether or not it falls within his or her job description. Even when a janitor is asked about the places of tourist attraction, either he himself must answer or lead the guest to the right place when the answer is available. Personalisation would assume greater importance in future as goods and services move towards parity. Firms would be able to successfully differentiate their service offerings through augmentations built around these intangible values. Personalization is one potential source of developing a competitive edge over competition.

INTRODUCING NEW EQUIPMENTS AND TECHNOLOGY

One common allegation shared by a host of services is the abysmally low level of productivity standards their operations. Many myopic service managers view productivity improvements and gains to be impossible because services are labour intensive. Often services fail to register productivity increases, irrespective of training inputs to bet employees. Giving up traditional biases and notions of services is essential to meet the productivity challenge in services. It is more pertinent to take a wholistic view and ask how technology could be incorporated into service production process so that efficiency is gained without compromising on customer service.

By incorporating modern ,tools equipments and technology , a service firm may benefit in the following ways. **First** the equipment could be employed in place of man power. Such substitution of equipment and machines for labour may reduce costs of operation and increase efficiency (such as in ATM, automatic vending machines).

Second, introduction of machines may help achieve standardization in the quality of service. Fast food restaurants have been able to achieve consistency in their service through mechanization. **Third**, higher services levels could be achieved by such blending of technology. Banks and insurance companies have been able to register marked improvement in their services through 'computerization'. **Fourth** suppliers, warehouses, departmental stores, banks, etc, can maintain closer links with their customers by hooking-up in the computer networks. Such technologies permit one firm to links itself with the information system of the other and , thereby, be in touch. This allows greater integration of clients into the services system . **Finally**, technologies may be useful in directing employee behaviour and enhance status and motivation. Word processors give the old fashioned typists a new higher status of computer operators floor cleaners become cleaning devise operators, across the counter clerks become computerized register operators. Such a change has an impact of enriching the old-style-jobs and thereby positively affecting the state of motivation of employees. Productivity breakthrough could be achieved by incorporating technology in three major ways: via hard technologies soft technologies, and hybrid technologies. Hard technologies substitute machines , equipments , tools, etc, for labour-based performance in service work. The examples of hard technologies in action in services include airport x-ray machines that do away with manual person to person search, automatic keeping analysis which substitutes manual across-the-counter transactions, credit cards that dispense with traditional banking functions.

Soft technology involves substitution of a preplanned system for individual operators. The system involves changes in the tools or technology employed in the service operation, but its important feature is the system itself. The system is a complete solution. Among the service businesses which have successfully employed such a system to obtain desired results are super market, restaurants, fast food joints, travel and tour operators. For example, fast food restaurants evolve a rational system which affords specialization through division of labour, leading to greater efficiencies, quality and consistency. Self service departmental stores also employ a system enabling customers to get the desired service at low cost and greater productivity.

Hybrid technologies combine hardware or equipment with a preplanned system such combination results in greater efficiency, speed and order in the service process. Computer oriented over the road truck routing and scheduling pioneered by Cummins Engine is one example. By careful programming of types of roads , location of shops, congestion, mixing point access, etc, the service firm can optimize truck utilization and minimize user cost.

Service businesses can also achieve jumps in their productivity and efficiency as has been done in manufacturing with the adoption of technology in their systems. Openness to such an idea is now widely observed . Banks, warehouses, repair stations, fast foods restaurants , transporters, etc, are amongst the few service that have been able to achieve remarkable productivity gains by the use of technology in some form or the other. One point of caution here is that often such an endeavour upsets the social pattern of relationships which have become part and parcel of some services. This may affect people's performance negatively. For example, computerization of bank transactions may hurt its employees, for they may cease to enjoy the status and importance which was once accorded to them when the system was manual.

PLAYING THE BRANDING GAME

Service companies often lag behind in playing a branding game in the marketing of their service products. Such lackadaisical attitude of service , branding is even more important in services because a strong brand name can help build distinct service identity, communicate product virtues and gives confidence to the prospective customer about something that is essentially abstract.

In goods, individual brand names often come to the forefront(Lux, Ariel, Promise, Pears, Surf, Nirma) and the name of the company takes the backseat. Such strategy of using individual brand names for different products is favoured for positioning reasons. But in services, individual service products tend to have an inseparable association with the corporate name. Although a service firm may have a number of service lines, each having different service products-e.g. a bank , airlines, rent-a-car company-each service tends to be perceived as a part of the total corporate identity. It may be due to inseparability of individual service from the facilities. A service firm,

therefore ,must attempt to develop strong corporate identity. An umbrella corporate name could be extremely useful in communicating what the service firm stands for.

What are the characteristics of a good service brand name? Here no perfect prescription can be given. However , a strong service brand should possess some, if not all , of these characteristics; distinctiveness, relevance, memorability and flexibility. The service firm in order to achieve distinctiveness, must avoid usage of terms that have been over-used and have become generics like 'state' , 'universal', 'national', united. One easy way to stand apart from the herd is to use uncommon words or names, such as; 'Claridges' and 'Fergusons'. The second quality of a good name is its relevance to the service. It does not mean that the brand should describe the service . A close connection with the services can be discerned from names like 'Blue Dart', 'Visa', 'Holiday Inn', and 'Overnight Express.'

A good brand name should find its way easy to the customers' mind. It should be memorable. Various factors, like distinctiveness, complexity, oddity, brevity, and simplicity, affect memorability. By doing away with usually spellings 'Citibank' became much more memorable. 'Kids Kemp' is remembered for its unusual spelling of camp. Finally, the name should be flexible enough to cover all future additions and expansions in service. Geographical reference e.g. 'Jaipur Golden', 'Punjab National Bank' and purely descriptive terms, e.g. 'Vysya Bank' mat be a limiting factor.

No good name can substitute good service. The success of service inevitably depends upon its quality. However, a good brand name accompanied by appropriate marketing strategy would go a long way in wining the service battle.

Besides a catchy corporate brand name, service companies are waking up to the idea of branding their services in very much the same way as manufacturers do. Using individual brand names for different services is helpful in distinguishing the invisible service offer from competing offers. Also, a brand name permits customers to develop close associations with it. Such an identification is a precondition to the development of lasting customer relationship with the organization.

MAINTAIN CORPORATE IMAGE

Imagine what goes into the buying of products like Tatamobile, Lux, Cinthol, Nescafe, Hawkins. Typically a customer buys a brand on the strengths and

virtues of the product, but subtly his decision also weds him or her to the company that manufactures the same . The decision to buy a brand is often invisibly, but very dominantly, influenced by the perceptions about its manufacturers. The set of our beliefs and understanding about the company is a major influence on brand choice decisions. Corporate image assumes even greater importance when the brands in a product or service category are large-enough to dilute competitive advantages based on unique selling prepositions. It is because of product parity phenomenon that firms now make conscious efforts to build and maintain distinct corporate identities as a means to secure superior market performance.

Corporate image has something to do with the impressions, beliefs, feelings, perceptions and knowledge of people about the company. Building of appropriate association is necessary to create lasting differentiation and market advantage.

Image management is even more significant for service firms. First the scope to create images around the individual service products is less as services are intangibles. There is no physical product reality around which an image can be built. It is , therefore, much easier to develop corporate identity or symbol. Second, a positive image of the company has the effect of instilling a sense of pride in service personnel, thereby motivating them to excel in performance. It gets translated in higher productivity and morale.

Corporate image is not something exogenous. It is not something which is given and not controllable. Rather a well structured image programme can go a long way in bringing about the desired change in the existing image or create new identity. There are six factors that seem to govern the image so a body corporate. The reality of the company itself, i.e. size, structure, industry, products, employees; the newsworthiness of the company and its activities which affect people's life positively or negatively ; diversity , more diverse the company , more mixed signals it will send across the communication effort; time; and memory decay. Before a company endeavours to embark upon an image building programme, it must start from within. The exercise must start from the company mission statement. One must start by answering questions like what the company is? What does it stand for? Where is it going? A basic compatibility

must be maintained with what the company is and what it projects. A company must never make a promise that it can not keep.

Many services confront problems in acquiring a distinct position in the market because their basic service offerings tend to be essentially the same. Banks, hotels, retailers, couriers, are some such victims. In these circumstances, the company image may facilitate a customer group to identity with the company. "If the image of the company is so clear that it can activate the customer and keep him to see himself as a member of the 'club' connected with this particular service company, a great deal has been gained and less effort will be needed in other aspects of selling." On the other hand, a distinct image draws lines in the placement market as to what the company stands for-aggressive selling or innovation of customer care or team work-thereby getting more focused employees. It keeps positioning the company in the recruitment market as well.

LOGOS AND SYMBOLS

When language is a barrier, symbols communicate. The use of logos not in new business. It all began with the purpose of identification. Now logos are much more than means of identification. Logos are powerful image are building tools. They serve as instant reminders of the essence of a company. Symbols are easy way to get into people's mind and stay there. They logo depicting two hands protecting a flam of a lamp communicates protection, and the words **'Yogakshemam Vahamyaham'** taken from verse 22 of Chapter IX of the Bhagvat Gita mean **'Your welfare is our responsibility.'**

The small 'e' with both ends carved like head of an arrow symbolizes the alphabet 'E' for exports. The inner end is thinner than the outer end which suggests lesser inflow of imports and more outflow of exports. (logotype Exim bank)

The centaur logo type of Air India denotes speed and movement which is the essence of its business. The logo type (Kotak Mahindra) is a cube in grey and black which symbolizes strength and stability. The red signifies innovativeness and contemporary outlook. The shadow below the cube suggests strong foundation.

EXPLOITING PACKAGING ADVANTAGE

The importance of packaging stems from the fact that when a sale takes place, a package is the only mediator between the consumer and the product. Product package is the sole representative of a manufacturer. When a customer is confronted with

an array of uniform brands it is at this critical moment that a good package can hold attention, describe the product, evoke confidence and provide assurance about quality. Lured by such advantages, good marketers approach packaging decisions in a very professional way with overall perspective of marketing strategy. Service managers often consider packaging irrelevant to their type of business because they deal in intangibles which are not amenable to packaging. True, services are intangible, but services cannot be separated from the providers. In such a situation whatever aid customer takes from packages in goods while making a choice ,he would take the same from the service personnel in case of services. Service personnel have a profound impact on customer education and choice behavior. "The lesstangible the generic product , the more powerfully and persistently the judgement about it gets shaped by its packaging- how it's presented, who persents, it, and a lot is implied by metaphor, simile, symbol, and other surrogates for reality".

In services, especially people-dominated ones, the people's performance is the ultimate service product which customers by. Unlike goods , they are not confined to factories far away form the place where the actual sale takes place, but they come in real contact with the customers in service facilities. The customer's judgement in a restaurant, hotel, bank, hospital generally gets affected by the way people in these service factories appear. An excellent service is less likely to be perceived as excellent when it is provided by poorly 'packaged' employees. Service managers must consciously use packaging knowledge to make its service personnel in tune with the overall service strategy of the firm.

Like brand packaging the apparel that service personnel don performs several important functions for service delivery. Apparels may exhibit competitors. They way personnel appear goes into the creation of a service experience. While well groomed air hostesses are pleasing to the eye, any flaw in their dress or make-up may rub the passengers the wrong way. J.R.D. Tata, chairman , Air-India, came across air hostesses with white lipstick and he commented, " Now white lipstick may be smart and chic nowadays, but from a distance it makes you look like a corpse." Thus , extreme caution and importance must be attached to the selection of the right apparel for the service

personnel. As it is often said, and wisely so, 'Perfection, is in trifles; but perfection is no trifle.'

Uniforms, therefore, are very helpful in providing evidence to the customer of service. It is a surrogate that service firms can use to tangilbilised their service offer. Service firms can also communicate their core values, traditions, professionalism, cleanliness, and mod appeal through the uniforms that their personnel wear. The white uniform Nirula's employees suggests cleanliness, hygiene and order-things one looks for in a restaurant. The white of nurses' uniform suggests peace, casuals, would rarely evoke confidence and show professionalism, and thereby affect customer perceptions adversely. Uniform suggests credibility. If the people wear different dresses, the uniformity of the service setting is lost. It would give impressions of chaos and confusion. The uniform can smooth over variations in service quality by clarifying the service providers' role, irrespective of who occupies that role at a given point of time.

Service firms depend heavily on employee performance for their success. Thus, a commitment to organizational goals and allegiance is a critical input. Service apparel may be instrumental in developing strong spirit of cohesion amongst the group members. Uniforms are unique source of togetherness. They have an effect of binding people with one another into a group.

As in packaged goods packaging is a primary source of differentiation, in services uniform could make the service stand out for the customer. Uniform is packaging material for essentially abstract services. Such packaging allows the customers to identify the services and , hence, helps, develop loyality. The company logos, sign offs, and slogans that appear on a uniform work as moving bill boards. Uniforms also serve as promotional media to promote services.

The International Service business environment characterized by fast changes in varied nature. Dynamic enterprises device strategies to the size the opportunities and to compact the threads of the environmental changes. The technological explosion information revolution, emergence of well developed international financial markets, Cosmopolitan consumers, growing democratization of nations, expending world market and so on tend to drive such service firm multinational. Meeting uncertainty by comphassing a set of new basic; world class quality and service enhanced responsiveness

and continuous short-cycle innovation and improvement aimed at creating market for both new and apparently mature services will be tune of the game in the twenty-first century. The above suggestion should be studied by the various organizational firms who engaged in service marketing and incorporated in the strategies according to the need of the organization, so that organization will be achieve desire goal in coming decades.

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